

MONTANA LEGISLATIVE HISTORY

Chapter 325 1995

Bill H 563 S _____ Original bill & history ☒ c

H. Committee on State Administration S. Committee on State Administration

Hearing Date(s) 2-17 _____ c Hearing Date(s) 3-10 _____ c

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Date Out 2-17 _____ c Date Out 3-17

Did this bill originate in an interim committee? _____ Yes _____ No

Committee _____ Report _____

3/04	2ND READING PASSED	50	49
3/06	3RD READING FAILED	46	54
3/07	RECONSIDERED PREVIOUS ACTION	61	37
3/08	3RD READING PASSED	54	46
	TRANSMITTED TO SENATE		
3/09	FIRST READING		
3/09	REFERRED TO TAXATION		
3/16	HEARING		
4/04	COMMITTEE REPORT—BILL CONCURRED		
4/07	2ND READING CONCURRED	46	0
4/08	3RD READING CONCURRED	39	9
	RETURNED TO HOUSE		
4/10	SIGNED BY SPEAKER		
4/11	SIGNED BY PRESIDENT		
4/11	TRANSMITTED TO GOVERNOR		
4/13	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 432		
	EFFECTIVE DATE: 01/01/96		

HB 562 INTRODUCED BY WENNEMAR, ET AL.

DELETE AGRICULTURAL SPECIAL ELIGIBILITY CRITERIA FOR SOD,
ORNAMENTAL, NURSERY, OR HORTICULTURAL PROPERTY THAT
REQUIRED AT LEAST 10 ACRES IN THE PRODUCTION OF THOSE CROPS

2/15	INTRODUCED		
2/15	FIRST READING		
2/15	REFERRED TO TAXATION		
2/16	FISCAL NOTE REQUESTED		
2/22	FISCAL NOTE RECEIVED		
2/27	FISCAL NOTE PRINTED		
3/07	HEARING		
3/10	COMMITTEE REPORT—BILL PASSED AS AMENDED		
3/24	2ND READING PASSED	91	7
3/25	3RD READING PASSED	97	2
	TRANSMITTED TO SENATE		
3/27	FIRST READING		
3/27	REFERRED TO TAXATION		
3/30	HEARING		
4/03	COMMITTEE REPORT—BILL CONCURRED		
4/07	2ND READING CONCURRED	45	0
4/08	3RD READING CONCURRED	48	0
	RETURNED TO HOUSE		
4/10	SIGNED BY SPEAKER		
4/11	SIGNED BY PRESIDENT		
4/11	TRANSMITTED TO GOVERNOR		
4/14	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 474		
	EFFECTIVE DATE: 10/01/95		

HB 563 INTRODUCED BY SLITER, ET AL.

TRANSFER WARRANT WRITING AND BAD DEBT MANAGEMENT
FUNCTIONS OF STATE AUDITOR TO DIRECTOR OF DEPARTMENT OF
ADMINISTRATION, WHO IS EX OFFICIO STATE TREASURER

2/15	INTRODUCED
2/15	FIRST READING
2/15	REFERRED TO STATE ADMINISTRATION
2/16	FISCAL NOTE REQUESTED
2/17	HEARING
2/17	FISCAL NOTE RECEIVED

2/17	FISCAL NOTE PRINTED		
2/17	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/20	2ND READING PASSED	59	39
2/21	3RD READING PASSED	58	41
	TRANSMITTED TO SENATE		
2/27	FIRST READING		
2/27	REFERRED TO STATE ADMINISTRATION		
3/10	HEARING		
3/17	COMMITTEE REPORT—BILL CONCURRED		
3/25	2ND READING CONCURRED	27	21
3/27	3RD READING CONCURRED	30	20
	RETURNED TO HOUSE		
3/28	SIGNED BY SPEAKER		
3/28	SIGNED BY PRESIDENT		
3/29	TRANSMITTED TO GOVERNOR		
4/01	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 325		
	EFFECTIVE DATE: 07/01/95		

HB 564

INTRODUCED BY TREXLER

REVISE TIME PERIODS RELATING TO LIVESTOCK GRAZING
TRANSPORTATION PERMITS

2/15	REFERRED		
2/16	INTRODUCED		
2/16	FIRST READING		
2/16	HEARING		
2/17	COMMITTEE REPORT—BILL PASSED		
2/18	2ND READING PASSED	99	0
2/20	3RD READING PASSED	99	0
	TRANSMITTED TO SENATE		
2/21	FIRST READING		
2/21	REFERRED TO AGRICULTURE, LIVESTOCK & IRRIGATION		
3/03	HEARING		
3/07	COMMITTEE REPORT—BILL CONCURRED AS AMENDED		
3/10	2ND READING CONCURRED	43	0
3/11	3RD READING CONCURRED	38	0
	RETURNED TO HOUSE WITH AMENDMENTS		
3/31	2ND READING AMENDMENTS CONCURRED	95	0
4/03	3RD READING AMENDMENTS CONCURRED	96	0
4/05	SIGNED BY SPEAKER		
4/06	SIGNED BY PRESIDENT		
4/07	TRANSMITTED TO GOVERNOR		
4/12	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 380		
	EFFECTIVE DATE: 04/12/95		

HB 565

INTRODUCED BY ELLIS, ET AL.

ALLOW OWNER OF LIVESTOCK TO ELECT TO BE ASSESSED FOR
TAXATION ON AN AVERAGE INVENTORY BASIS

2/16	INTRODUCED		
2/16	FIRST READING		
2/16	REFERRED TO TAXATION		
2/17	FISCAL NOTE REQUESTED		
2/27	FISCAL NOTE RECEIVED		
2/28	FISCAL NOTE PRINTED		
3/01	HEARING		
3/07	COMMITTEE REPORT—BILL PASSED AS AMENDED		
3/09	2ND READING PASSED	93	5

Marshall Wells Fugate House BILL NO. 563
 2 INTRODUCED BY State Barnett Baimard Green Ahner GRINOE Storal
 3 Mercer Clark Wm E Beharshi Knox Ohs Simpkins DENNY Naylor
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TRANSFERRING THE WARRANT WRITING AND BAD DEBT
 5 MANAGEMENT FUNCTIONS OF THE STATE AUDITOR TO THE DIRECTOR OF THE DEPARTMENT OF
 6 ADMINISTRATION, WHO IS THE EX OFFICIO STATE TREASURER; CHANGING THE SPECIAL REVENUE

7 ACCOUNT FOR THE WARRANT WRITER PROGRAM TO AN INTERNAL SERVICE FUND; AMENDING
 8 SECTIONS 2-18-411, 2-18-412, 2-18-702, 3-2-503, 7-4-2502, 17-1-101, 17-1-111, 17-1-122, 17-3-1004,
 9 17-4-101, 17-4-102, 17-4-103, 17-4-104, 17-4-105, 17-4-106, 17-4-107, 17-4-108, 17-6-212, 17-8-211,
 10 17-8-301, 17-8-303, 17-8-305, 17-8-306, 17-8-307, 23-7-312, 32-1-537, 39-3-213, 39-51-3207,
 11 44-2-314, 53-18-102, 85-8-612, 87-1-206, AND 87-1-603, MCA; REPEALING SECTION 17-1-121, MCA;
 12 AND PROVIDING AN EFFECTIVE DATE. SOMEVILLE

13
 14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

15
 16 Section 1. Section 2-18-411, MCA, is amended to read:

17 "2-18-411. Lost warrants -- duplicate. (1) Upon receipt of proof satisfactory to the ~~state auditor~~
 18 treasurer that a payroll warrant issued by the state ~~auditor~~ treasurer has been lost or destroyed prior to its
 19 delivery to the employee to whom it is payable, the state ~~auditor~~ treasurer shall, upon certification by the
 20 payee's appointing power, issue a duplicate warrant in payment of the same amount without requiring a
 21 bond from the payee ~~and any~~. Any loss incurred in connection ~~therewith shall~~ with the warrant must be
 22 charged against the account from which the payment was derived.

23 (2) A payroll warrant ~~shall be~~ is considered to have been lost if it has been sent to the payee but
 24 not received by ~~him~~ the payee within a reasonable time, consistent with the policy of prompt payment of
 25 employees, or if it has been sent to a state officer or employee for delivery to the payee or for forwarding
 26 to another state officer or employee for ~~such~~ delivery and has not been received within ~~such~~ a reasonable
 27 time."

28
 29 Section 2. Section 2-18-412, MCA, is amended to read:

30 "2-18-412. Designation of person to receive decedent's warrants -- reissuance. ~~Any~~ A person ~~new~~

1 ~~or hereafter~~ employed by the state may file with ~~his~~ the person's appointing power a designation of a
2 person who, notwithstanding any other provision of law, shall, on the death of the employee, be entitled
3 to receive all warrants that would have been payable to the decedent had ~~he~~ the employee survived. The
4 employee may change the designation from time to time. A person ~~so~~ designated shall claim ~~such~~ the
5 warrants from the state ~~auditor~~ treasurer and on sufficient proof of identity, the ~~state auditor~~ treasurer shall
6 reissue the warrant in the name of the designated person and deliver ~~said~~ the warrant to the designated
7 person."

8
9 **Section 3.** Section 2-18-702, MCA, is amended to read:

10 **"2-18-702. Group insurance for public employees and officers.** (1) All counties, cities, towns,
11 school districts, and the board of regents shall upon approval by two-thirds vote of their respective officers
12 and employees enter into group hospitalization, medical, health, including long-term disability, accident,
13 ~~and/or~~ or group life insurance contracts or plans for the benefit of their officers and employees and their
14 dependents. The laws prohibiting discrimination on the basis of marital status in Title 49 do not prohibit
15 bona fide group insurance plans from providing greater or additional contributions for insurance benefits
16 to employees with dependents than to employees without dependents or with fewer dependents.

17 (2) State employees and elected officials, as defined in 2-18-701, may participate in state employee
18 group benefit plans as are provided for under part 8 of this chapter.

19 (3) For state officers and employees, the premiums required from time to time to maintain the
20 insurance in force must be paid by the insured officers and employees, and the ~~auditor~~ state treasurer shall
21 deduct the premiums from the salary or wages of each officer or employee who elects to become insured,
22 on the officer's or employee's written order, and issue a warrant for the premiums to the insurer.

23 (4) For the purpose of this section, the plans of health service corporations for defraying or
24 assuming the cost of professional services of licentiates in the field of health or the services of hospitals,
25 clinics, or sanitariums or both professional and hospital services must be construed as group insurance and
26 the dues payable under the plans must be construed as premiums for group insurance.

27 (5) If the board of trustees of a school district implements a self-insured group health plan or if the
28 board of regents implements an alternative to conventional insurance to provide group benefits to its
29 employees, the board shall maintain the alternative plan on an actuarially sound basis."
30

1 **Section 4.** Section 3-2-503, MCA, is amended to read:

2 **"3-2-503. Accounts of marshal.** All accounts of the marshal must be filed in the supreme court in
3 a bill of items under oath certified by the chief justice and, when properly chargeable against the state and
4 approved by the department of administration, must be paid out of the state treasury upon the warrant of
5 the state ~~auditor~~ treasurer."

6
7 **Section 5.** Section 7-4-2502, MCA, is amended to read:

8 **"7-4-2502. Payment of salaries of county officials and assistants.** (1) Except as provided in
9 subsection (2), the salaries of the county officers and their assistants may be paid monthly, twice monthly,
10 or every 2 weeks out of the general fund of the county and upon the order of the board of county
11 commissioners.

12 (2) (a) The salaries of the county attorney and deputy county attorneys authorized by 7-4-2703
13 are payable monthly, with the salary of the county attorney payable one-half from the general fund of the
14 county and, if the county has supplied the information to the department of justice for inclusion in its
15 budget, the other one-half from the state treasury upon the warrant of the state ~~auditor~~ treasurer. If the
16 county has not supplied information concerning any scheduled or proposed increase in salary for the county
17 attorney to the department of justice for inclusion in material submitted to the budget director under Title
18 17, chapter 7, part 1, the county is responsible for any increased salary.

19 (b) The county commissioners of each county shall, within 30 days after the election or
20 appointment to fill a vacancy for any cause in the office of county attorney, certify the election or
21 appointment to the department of justice. The department shall notify the state ~~auditor~~ treasurer of the
22 salary of the county attorney. The ~~auditor~~ state treasurer shall draw warrants for the county attorney
23 salaries in the same manner as for state officers. In case of a vacancy, the county commissioners shall
24 immediately notify the department of justice, and the department shall compute the salary due on the basis
25 of the notification.

26 (3) The board has jurisdiction and power, under ~~such~~ limitations and restrictions ~~as are~~ prescribed
27 by law, to fix the compensation of all county officers not otherwise fixed by law and to provide for the
28 payment of the compensation and may, for all or the remainder of each fiscal year, in conjunction with
29 setting salaries for other officers as provided in 7-4-2504(1), set their salaries at the prior fiscal year level."

30

1 **Section 6.** Section 17-1-101, MCA, is amended to read:

2 **"17-1-101. Definition of department.** Except in chapter 3, part 3, ~~and chapter 4, part 1,~~ and unless
3 the context requires otherwise, in this title, "department" means the department of administration provided
4 for in Title 2, chapter 15, part 10."

5
6 **Section 7.** Section 17-1-111, MCA, is amended to read:

7 **"17-1-111. General fiscal duties of state treasurer.** (1) The state treasurer ~~shall be~~ is the custodian
8 of all ~~moneys~~ money and securities of the state unless otherwise expressly provided by law.

9 (2) It is the duty of the state treasurer to:

10 (a) receive and account for all ~~moneys~~ money belonging to the state, not expressly required by law
11 to be received and kept by some other person;

12 (b) pay warrants out of the funds upon which they are drawn;

13 (c) upon payment of any warrant, take upon the back ~~thereof~~ of the warrant the receipt of the
14 person to whom it is paid;

15 (d) keep an account of all ~~moneys~~ money received and disbursed;

16 (e) at the request of either house of the legislature or of any legislative committee ~~thereof~~, give
17 information in writing as to the condition of the treasury or ~~upon~~ on any subject relating to the duties of
18 ~~his~~ the office of state treasurer;

19 (f) superintend the fiscal concerns of the state;

20 (g) suggest plans for the improvement and management of the public revenue;

21 (h) keep an account of all warrants drawn upon the treasury and of other appropriation records that
22 the treasurer determines to be essential for the support of the accounting records maintained in the
23 department;

24 (i) charge the outgoing state treasurer with the balance that was in the treasury when the outgoing
25 treasurer came into office and with all money received and credit the outgoing treasurer with all warrants
26 drawn on and paid;

27 (j) keep a register of warrants, showing the fund upon which each warrant is drawn, each
28 warrant's number, who received the warrant, and the date issued;

29 (k) require all persons who have received money belonging to the state but who have not
30 accounted for it to settle their accounts;

1 (l) draw warrants on the state treasury for the payment of money directed by law to be paid out
2 of the treasury, except that a warrant may not be drawn unless authorized by law;

3 (m) authenticate with the official seal of the state all warrants drawn and all copies of papers
4 issued from the office of state treasurer;

5 (n) collect and pay into the state treasury all fees received; and

6 (o) discharge such other duties as may be imposed upon him the state treasurer by law."

7
8 **Section 8.** Section 17-1-122, MCA, is amended to read:

9 **"17-1-122. Discretionary ~~duties~~ authority of state auditor ~~treasurer~~.** ~~In his discretion it is the duty~~
10 ~~of the state auditor to~~ The state treasurer may:

11 (1) inspect the books of any persons charged with the receipt, safekeeping, or disbursement of
12 public ~~moneys~~ money;

13 (2) require all persons who have received ~~moneys or securities~~ money or who have had the
14 disposition or management of any property of the state of which an account is kept in ~~his office~~ the
15 department to render statements ~~thereof~~ to ~~him the treasurer, and all such persons.~~ A statement must
16 ~~render statements~~ be rendered at ~~such~~ times and in ~~such~~ the form ~~as he may require~~ prescribed by the
17 department.

18 (3) promulgate rules regarding the distribution and processing of warrants issued; and

19 (4) ~~establish, under the joint control of the department of administration and the state auditor, a~~
20 ~~system of filing and storage of the original copy of claims paid by state warrant."~~

21
22 **NEW SECTION. Section 9. Authority of state auditor concerning securities.** The state auditor may
23 require a person who has received securities of which the auditor keeps account to render to the auditor
24 a statement concerning the securities. The statement must be made at the time and in the form prescribed
25 by the auditor.

26
27 **Section 10.** Section 17-3-1004, MCA, is amended to read:

28 **"17-3-1004. Disbursement of funds.** (1) The money received by the state treasurer under the
29 provisions of 17-3-1003 ~~shall~~ may be paid out ~~by him~~ of the treasury only on a warrant issued by the ~~state~~
30 ~~auditor~~ treasurer in payment of claims for expenses actually incurred for the support and maintenance of

1 the institution filing the ~~same~~ claims.

2 (2) In the payment of claims presented by a state institution entitled to interest and income from
3 land grants or ~~moneys arising therefrom~~ money from a land grant, ~~no~~ a warrant shall may not be drawn
4 against the appropriation made by the state out of the general fund for the maintenance of the institution
5 filing the claim until interest and income ~~moneys~~ money, ~~insofar as they are~~ available for the payment of
6 the items in the claim, ~~are~~ is exhausted."

7
8 **Section 11.** Section 17-4-101, MCA, is amended to read:

9 **"17-4-101. Definitions.** In this part, the following definitions apply:

10 (1) ~~The word "department"~~ "Department" means the department of ~~revenue~~ administration.

11 (2) ~~The term "state~~ "State agency" includes all state offices, departments, divisions, boards,
12 commissions, councils, committees, institutions, university units, and other entities or instrumentalities of
13 state government."

14
15 **Section 12.** Section 17-4-102, MCA, is amended to read:

16 **"17-4-102. Accounts of persons indebted to state.** (1) ~~In his discretion it is the duty of the state~~
17 ~~auditor to~~ The department may:

18 (a) examine and settle the accounts of persons indebted to the state ~~and~~, certify the amount ~~to~~
19 ~~the treasurer and, upon presentation and filing of the treasurer's receipt therefor, to~~ owed, and give such
20 the person a discharge and charge the treasurer therewith;

21 (b) require any person presenting an account for settlement to be sworn ~~before him~~ and to answer,
22 orally or in writing, as to any facts relating to ~~it~~ the debt.

23 (2) The certificate mentioned in subsection (1)(a) must show by whom the payment is to be made,
24 the amount ~~thereof~~ of the payment, and the fund into which ~~it~~ the payment is to be ~~paid and must~~
25 deposited. The certificates must be numbered in order, beginning with number 1 at the commencement of
26 each fiscal year."

27
28 **Section 13.** Section 17-4-103, MCA, is amended to read:

29 **"17-4-103. Collection of claims by state auditor** department. (1) ~~In his discretion, it is the duty of~~
30 ~~the state auditor to~~ The department may examine the collection of money due the state and institute suits

in its name for official delinquencies in relation to the assessment, collection, and payment of the revenue, and against persons who possess public money or property and fail to pay over or deliver the money or property, and against debtors of the state. The courts of the county where the seat of government ~~may~~ is located have jurisdiction, without regard to the residence of the defendants, over the collection suits authorized by this section.

(2) Whenever a person has money or other personal property that belongs to the state by escheat or otherwise or has been entrusted with the collection, management, or disbursement of money, bonds, or interest accruing from the money or bonds, belonging to or held in trust by the state, and fails to render an account of the money or personal property to and make settlement with the ~~state auditor~~ department within the time prescribed by law or, when ~~at~~ a particular time is not specified, fails to render an account and make settlement or ~~who~~ fails to pay into the state treasury the money belonging to the state, upon being required to do so by the ~~state auditor~~ department, within 20 days after the requisition, the state auditor shall state an account with that person, charging 25% damages and interest at the rate of 10% a year from the time of the failure. A copy of the account in a suit is prima facie evidence of the things stated in the account, but when the ~~state auditor~~ department cannot for want of information state an account, ~~he~~ the department may in an action brought by ~~him~~ the department aver that fact and allege generally the amount of money or other property due or belonging to the state.

(3) The ~~state auditor~~ department may assist in the collection of a delinquent account owing to any state agency and may separately charge the state agency that transferred the debt for the cost of assistance. The ~~state auditor~~ department may designate the percentage of collected proceeds to be retained for the cost of assistance.

(4) The ~~state auditor~~ department may provide a collection service for the general purpose of centralizing the collection of all debts owing to the state."

Section 14. Section 17-4-104, MCA, is amended to read:

"17-4-104. Circumstances when ~~state auditor~~ department ~~must~~ shall assist. Subject to and in accordance with rules adopted by the ~~state auditor~~ department, the ~~state auditor~~ department shall render assistance in the collection of accounts owing to any state agency if all of the following procedures have been completed to ~~his~~ the department's satisfaction:

(1) A state agency ~~must~~ shall make all reasonable efforts to collect money owed to it and ~~must~~

1 shall determine that the money and any interest or penalties ~~therefor~~ are uncollectible in accordance with
2 criteria for uncollectibility formulated by that agency.

3 (2) Once a state agency has determined that an account owed to it uncollectible, it shall certify
4 to the ~~state auditor~~ department the amount of the money, interest, and penalties, as accurately as can be
5 determined. The ~~state auditor~~ department may require ~~submission by~~ the agency ~~of~~ to submit all relevant
6 evidence and other information regarding the debt and may examine the records of any other state agency
7 ~~which~~ that may be pertinent in determining the uncollectibility of the debt, unless examination is specifically
8 prohibited by law.

9 (3) If the ~~state auditor~~ department finds that the debt is uncollectible in accordance with the criteria
10 for uncollectibility of money due that state agency, ~~he~~ the department shall direct the agency to write off
11 the debt on its accounts and transfer the debt to ~~him~~ the department.

12 (4) Debts described in 17-4-105(4) need not be determined uncollectible for purposes of this
13 section."
14

15 **Section 15.** Section 17-4-105, MCA, is amended to read:

16 "**17-4-105. Authority to collect debt -- offsets.** (1) Once a debt of a state agency has been
17 transferred to the ~~state auditor~~ department, the ~~state auditor has the authority to~~ department may collect
18 it. The ~~state auditor~~ department may contract with commercial collection agencies for recovery of debts
19 owed the state.

20 (2) The ~~state auditor~~ department shall offset any amount due a state agency from a person or
21 entity against any amount, including refunds or taxes, owing the person or entity by any state agency,
22 ~~provided the state auditor~~ The department may not exercise this right of offset until the debtor has first
23 been notified by the ~~state auditor~~ department and been given an opportunity for a hearing. An offset may
24 not be made against any amount paid out as child support collected by the department of social and
25 rehabilitation services. The ~~state auditor~~ department shall deduct from the claim and draw warrants for the
26 amounts offset in favor of the respective state agencies to which due and for any balance in favor of the
27 claimant. Whenever insufficient to offset all amounts due state agencies, the amount available must be
28 applied first to debts owed by reason of the nonpayment of child support and then in the manner ~~as~~ that
29 the ~~state auditor~~ department, in ~~the state auditor's~~ its discretion, determines.

30 (3) (a) The department of revenue retains the power to offset tax refunds due individuals against

taxes owed the state, provided that the department of revenue may not exercise this right of offset until the taxpayer has been notified by the department of revenue and been given the opportunity to request a review.

(b) Within 30 days following mailing of notification, the taxpayer may request a review of the asserted liability. If a review is requested, the department of revenue shall conduct an informal review conference, which is not subject to the contested case procedures of the Montana Administrative Procedure Act.

(c) Appeal from the decision of the department of revenue after the review conference may be taken to the state tax appeal board.

(d) A taxpayer is not entitled to a review conference for a tax offset if the tax liability has been the subject matter of any proceeding conducted for the purpose of determining its validity and any decision made as a result of that proceeding has become final.

(4) (a) A debt owed to the department of social and rehabilitation services or being collected by the department of social and rehabilitation services on behalf of any person or agency may be offset by the ~~state auditor~~ department of administration if the debt is being enforced or collected by the department of social and rehabilitation services under Title IV-D of the Social Security Act.

(b) The debt need not be determined to be uncollectible, as provided for in 17-4-104, before being transferred to the ~~state auditor~~ department for offset. The debt must have accrued through written contract, court judgment, or administrative order.

(c) Within 30 days following the notification provided for in subsection (2), the person owing a debt described in subsection (4)(a) may request a hearing. The person owing a debt is not entitled to a hearing if the amount of the debt has been the subject matter of any proceeding conducted for the purpose of determining the validity of the debt and any decision made as a result of that proceeding has become final. The hearing must be conducted by teleconferencing methods and is subject to the provisions of the Montana Administrative Procedure Act. The department of social and rehabilitation services shall adopt rules necessary to determine the hearing procedures.

(5) If, in the discretion of the ~~state auditor~~ department, the person or entity refuses or neglects to file a claim within a reasonable time, the head of the state agency owing the amount shall file the claim on behalf of the person or entity; ~~if~~ if approved by the department ~~of administration~~, it ~~shall have~~ has the same force and effect as though filed by the person or entity. The amount due any person or entity from

1 the state or any agency of the state is the net amount otherwise owing the person or entity after any
2 offset, as provided in this section."

3
4 **Section 16.** Section 17-4-106, MCA, is amended to read:

5 **"17-4-106. Agency owed debt to receive all money collected -- exception.** (1) All money collected
6 by the ~~state auditor~~ department on debts transferred to ~~him~~ the department by the various state agencies,
7 except funds collected under 17-4-103(3), must be deposited to the account or fund of the agency to
8 which the debt was originally owing.

9 (2) Funds collected under 17-4-103(3) must be deposited in an account in the internal service fund
10 for the cost of assistance of debt collection by the ~~state auditor~~ department. Funds deposited in excess of
11 the amount appropriated for operation of the debt collection program must be carried forward into the next
12 fiscal year for operation of the debt collection program. Any excess carried forward into the next fiscal year
13 ~~will~~ must be used to reduce the designated percentage of the collected proceeds charged to the various
14 state agencies. At the end of each biennium, any fund balance in excess of \$10,000 must be transferred
15 ~~back~~ to the general fund."

16
17 **Section 17.** Section 17-4-107, MCA, is amended to read:

18 **"17-4-107. ~~Write-off~~ Writeoff procedures.** (1) The ~~state auditor~~ department may establish
19 procedures for canceling and writing off accounts receivable carried on the books of the various state
20 agencies that have been transferred to the ~~state auditor's office~~ department pursuant to 17-4-104 and that
21 are uncollectible or the continued pursuance of the collection of accounts would cost the state more than
22 the amount collected. The procedures must be established in accordance with subsection (2).

23 (2) The department ~~of administration~~ may establish procedures for canceling and writing off
24 accounts receivable carried on the books of various state agencies ~~which~~ that are uncollectible or the
25 continued pursuance of the collection would cost the state more than the amount collected. The procedures
26 must include the reporting to the budget director of any canceling and writing off of accounts receivable."

27
28 **Section 18.** Section 17-4-108, MCA, is amended to read:

29 **"17-4-108. Circumstances under which previously written-off debt may be collected.** If a debt
30 previously written off under 17-4-107(1) subsequently becomes collectible, the ~~state auditor~~ department

shall proceed to collect the money due pursuant to 17-4-105(1) and 17-4-106."

Section 19. Section 17-6-212, MCA, is amended to read:

"17-6-212. State purchase of general fund warrants. (1) The state ~~hereby~~ reserves to itself a preference right, prior to the right of any person, company, or corporation, to purchase state general fund warrants issued with funds under the control of the board of investments and subject to investment.

(2) When the board of investments has under its control any funds subject to investment ~~which~~ that in its judgment it would be advantageous to have invested in state general fund warrants and there are not sufficient funds in the state general fund to pay warrants issued against the fund at the time they are issued and presented for payment, it shall authorize and direct the state treasurer to purchase state general fund warrants, designating the fund or funds to be so invested and fixing the amount or amounts. ~~It shall also give notice to the state auditor of the investment to be made by the treasurer, designating the fund or funds to be invested and the amounts.~~

(3) The ~~auditor~~ state treasurer shall attach to or stamp, write, or print upon each general fund warrant ~~thereafter~~ after the funding shortfall issued, until warrants totaling the amounts ~~so~~ designated have been issued, a notice that the state will exercise its preference right to purchase the warrant.

(4) The state treasurer shall, ~~thereafter~~ when the warrant is presented, ~~to him~~ pay it out of the proper fund as designated by the board, and the warrant ~~so~~ purchased shall must be registered as other state warrants and must bear interest as provided by law.

(5) When the designated amounts have been invested, the state treasurer shall notify the board of investments, which shall ~~thereupon~~ issue orders upon the proper funds addressed to the state auditor for warrants to be issued in favor of the treasurer."

Section 20. Section 17-8-211, MCA, is amended to read:

"17-8-211. Notice required for assignment of claims against state. (1) All transfers and assignments made of any claim against the state, or any part ~~thereof~~ of or interest ~~thereon~~ on the claim, except as ~~hereinafter~~ provided in this section, shall be ~~absolutely null and~~ are void and unenforceable against the state unless the assignee ~~thereof~~ files written notice of the assignment on ~~such forms as that~~ may be required by the ~~state auditor~~ department of administration, together with a true copy of the instrument of assignment.

(2) The ~~state auditor~~ department may promulgate rules regarding the form of assignment, the procedures for filing assignments, and the submission of claims covering assigned funds.

(3) Unless otherwise expressly permitted by the ~~state auditor~~ department, no more than one assignment of a claim ~~shall be~~ is effective at one time, and ~~no an~~ assignment ~~shall~~ may not be made to more than one party, except that an assignment may be made to one party as agent or trustee for two or more parties. An assignment ~~shall~~ may not be subject to further assignment."

Section 21. Section 17-8-301, MCA, is amended to read:

"17-8-301. State moneys money -- how expended by treasurer. (1) Except as ~~herein~~ provided in this section, ~~no moneys~~ money received by the state treasurer may not be paid out ~~by him~~ except upon a state warrant issued by the ~~state auditor~~ treasurer or on electronic funds transfer authorized by the state ~~auditor~~ treasurer. The state ~~auditor~~ treasurer may not issue ~~his~~ a warrant or authorize an electronic funds transfer upon the state ~~treasurer~~ treasury except upon a claim ~~duly~~ approved by the department of administration in accordance with the laws governing the expenditure of state ~~moneys;~~ money. ~~however~~ However, interest and principal on the public debt may be paid by treasurer's check from the ~~moneys~~ money pledged for ~~such~~ payment, and the provisions of this section do not apply to warrants issued upon contingent revolving accounts that are in the custody of the state treasurer.

(2) As used in 2-18-405 and this section, "electronic funds transfer" means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, that is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape and that orders, instructs, or authorizes the state ~~auditor~~ treasurer to debit or credit an account."

Section 22. Section 17-8-303, MCA, is amended to read:

"17-8-303. Warrants -- presentation and cancellation. (1) State warrants must be presented for payment within the time limits specified as follows:

(a) Except as provided in subsection (1)(b), all warrants drawn by the state ~~auditor~~ treasurer on the state treasury ~~shall~~ must be presented for payment within 6 months after the date of the issue ~~thereof~~.

(b) Warrants issued for the department of social and rehabilitation services that are funded to any extent with federal money ~~shall~~ must be presented for payment within 180 days after the date of issue.

(2) ~~Should~~ If the payee or legal holder of any warrant ~~fail~~ fails to present it for payment within the

time specified in subsection (1), the state ~~auditor~~ treasurer shall enter the ~~same~~ warrant as canceled on the books of ~~his~~ the treasurer's office and the amount ~~shall~~ must be credited to a separate agency fund account administered by the ~~state auditor~~ treasurer. ~~Should~~ If the payee or legal owner of any canceled warrant ~~present~~ presents it for payment or ~~present~~ presents a claim for payment within 4 years from the date of issue, the state ~~auditor~~ treasurer may, upon proper showing by affidavit, issue a new warrant in lieu ~~thereof~~ of the canceled warrant.

(3) Three years and 6 months after cancellation, the warrant ~~shall~~ must be classed as unclaimed property subject to the provisions of Title 70, chapter 9, parts 1 through 3. ~~Should~~ If the payee or legal owner of any canceled warrant ~~present~~ presents it for payment or ~~present~~ presents a claim for payment, ~~such~~ the presentation ~~shall~~ must be to the department of revenue as provided in 70-9-310."

Section 23. Section 17-8-305, MCA, is amended to read:

"17-8-305. **Cost accounting for warrant.** In ~~his~~ the treasurer's discretion, it is the duty of the state ~~auditor~~ treasurer to establish a cost accounting system to determine the unit cost of issuing and processing warrants and provide for a system of charges for services rendered in issuing and processing warrants for claims submitted by any department or agency of the state. ~~No such~~ A charge ~~shall~~ may not be made for warrants issued against the general fund. Funds collected under this section for budgeted programs ~~shall~~ must be deposited to the credit of the general fund. Funds collected for new or unforeseen programs may be deposited to the credit of a state special revenue fund account and expended for the purposes of paying the processing expenses incurred as a result of the new program."

Section 24. Section 17-8-306, MCA, is amended to read:

"17-8-306. **Issuance of duplicate warrant.** (1) The state ~~auditor~~ treasurer may issue a duplicate warrant whenever any warrant drawn by the state ~~auditor~~ upon the treasurer of the state is lost or destroyed. This duplicate warrant must be in the same form as the original, except that it must have plainly printed across its face the word "duplicate". A duplicate warrant may not be issued or delivered unless the person entitled to receive it deposits with the state ~~auditor~~ treasurer a bond in double the amount for which the duplicate warrant is issued indemnifying the state and its officers and employees from any loss resulting from the issuance of the duplicate warrant.

(2) A bond of indemnity is not required when:

1 (a) the payee is the United States government, a state of the United States, any agency,
2 instrumentality, or officer of the United States government or of a state, county, city, city and county,
3 town, district, or other political subdivision of a state or any officer thereof;

4 (b) the owner or custodian is the state of Montana or any agency or officer of the state;

5 (c) the owner or custodian is a bank, savings and loan association, admitted insurer, or trust
6 company whose financial condition is regulated by the United States government or by the state of
7 Montana;

8 (d) the state ~~auditor~~ treasurer has chosen to waive the requirement upon receipt of evidence that
9 the original warrant has been lost or destroyed as a result of a disaster or other major occurrence;

10 (e) the amount of the lost or destroyed warrant is less than \$300;

11 (f) it can be established that a crime has been committed and that as a result a Montana warrant
12 has been stolen or destroyed;

13 (g) it can be established that a Montana warrant has been mailed to an incorrect payee;

14 (h) the payee is a vendor or contractor doing business with the state of Montana;

15 (i) the payee is a recipient of public assistance under Title 53;

16 (j) the payee is a recipient of a monthly annuity under Title 19;

17 (k) the payee is a recipient of student financial assistance administered or insured by the
18 guaranteed student loan program pursuant to Title 20, chapter 26; or

19 (l) a state agency approves the issuance of the duplicate warrant and agrees to assume the risk
20 of the original warrant being cashed.

21 (3) Whenever the owner or custodian applies under the provisions of subsection (2)(d), (2)(f),
22 (2)(g), (2)(h), (2)(i), (2)(j), (2)(k), or (2)(l), a stop-payment order must be placed on the original warrant by
23 the state ~~auditor~~ treasurer.

24 (4) Whenever the owner or custodian applies under the provisions of subsection (2)(c), (2)(d),
25 (2)(e), (2)(f), (2)(g), (2)(h), (2)(i), (2)(j), (2)(k), or (2)(l), the application must include an agreement to
26 indemnify the state and its officers and employees from any loss resulting from the issuance of a duplicate
27 warrant. Any loss incurred in connection with the issuance of a duplicate warrant must be charged against
28 the account from which the payment was derived."

29
30 **Section 25.** Section 17-8-307, MCA, is amended to read:

1 **"17-8-307. Board's power to prevent payment of ~~auditor's~~ treasurer's warrants.** Whenever the
2 board of examiners has reason to believe that the state ~~auditor~~ treasurer has drawn or is about to draw his
3 a warrant without authority of law or for a larger amount than the state actually owes, the board ~~must~~ shall
4 notify the ~~state~~ treasurer not to pay the warrant ~~so~~ drawn or to be drawn, ~~and thereupon the~~ The state
5 treasurer is prohibited from paying the warrant, whether already drawn or not, until ~~he is~~ otherwise directed
6 by the legislature or the board."

7
8 **Section 26.** Section 23-7-312, MCA, is amended to read:

9 **"23-7-312. Lien on lottery winnings for debt collected by IV-D agency -- notice to agency --**
10 **payment to agency -- procedure.** (1) For purposes of this section, "IV-D agency" means the state child
11 support enforcement agency created pursuant to Title IV-D of the Social Security Act and providing services
12 under Title 40, chapter 5.

13 (2) The IV-D agency shall periodically certify to the state lottery the names and social security
14 numbers of persons owing a debt to or collected by the IV-D agency.

15 (3) Prior to the payment of lottery winnings in excess of \$600, the state lottery shall check the
16 name of the winner against the list of names and social security numbers of persons owing a debt to or
17 collected by the IV-D agency.

18 (4) (a) If the winner is on the list of persons owing a debt to or collected by the IV-D agency, the
19 state lottery shall make a good faith attempt to notify the IV-D agency and the agency then has a lien
20 against the winnings in the amount of the debt owed to or collected by the IV-D agency. The state lottery
21 has no liability to the IV-D agency or the individual on whose behalf the IV-D agency is collecting the debt
22 if the state lottery fails to match a winner's name to a name on the list or is unable to notify the IV-D
23 agency of a match. The IV-D agency shall provide the state lottery with written notice of a support lien
24 promptly upon the state lottery's notification of a match.

25 (b) If the lottery winnings are to be paid through the state ~~auditor~~ treasurer, the lottery winner is
26 entitled to notice and opportunity for hearing under Title 17, chapter 4, part 1, prior to any offset of the
27 debt against the winnings.

28 (c) If the lottery winnings are to be paid directly by the state lottery, the amount of the debt owed
29 to or collected by the IV-D agency must be held by the lottery for a period of 30 days from the lottery's
30 confirmation of the amount of the debt to allow the IV-D agency to institute any necessary garnishment

1 or withholding proceedings. If a garnishment or withholding proceeding is not initiated within the 30-day
2 period, the lottery shall release the payment to the winner.

3 (d) The IV-D agency, in its discretion, may release or partially release the support lien upon written
4 notice to the state lottery.

5 (e) A support lien under this section is in addition to any other lien created by law."
6

7 **Section 27.** Section 32-1-537, MCA, is amended to read:

8 **"32-1-537. Disposition of unclaimed funds.** (1) The department shall certify to the state treasurer
9 a complete list of funds remaining with it that are uncalled for and that have been left with it in its official
10 capacity in trust for depositors in and creditors of a liquidated bank after they have been held by it for 6
11 months from the date of the final liquidation of the institution. Along with this certificate, the department
12 shall transmit to the state treasurer the funds, with accumulated interest on them, that it has held in trust
13 for 6 months. A copy of the certificate must also be filed with the state auditor, who shall make a record
14 of it.

15 (2) The state treasurer shall deposit the funds and interest in the general fund.

16 (3) A depositor or creditor of a liquidated bank who has not been paid the amount standing to the
17 person's credit as certified to the state treasurer may apply to the department for the amount due. The
18 depositor or creditor shall make an affidavit and offer proof of identity and of the amount due. When
19 satisfied as to the correctness of the claim and of the identity of the person, the department shall forward
20 it to the ~~auditor~~ state treasurer who shall audit the claim and, if found correct, certify the claim to the
21 department. If the department approves the claim, it shall pay the claim to the depositor or creditor. The
22 money deposited in the general fund pursuant to this section is statutorily appropriated, as provided in
23 17-7-502, to the department for the purpose of paying approved claims."
24

25 **Section 28.** Section 39-3-213, MCA, is amended to read:

26 **"39-3-213. Disposition of wages.** (1) The commissioner of labor ~~and industry~~ shall deposit wages
27 collected ~~by him~~ under parts 2 and 4 of this chapter into the agency fund and shall attempt to make
28 payment of wages to the entitled person. Wages deposited into the agency fund are not interest bearing.
29 The payment of wages collected may be made by means of state warrants.

30 (2) Warrants issued pursuant to subsection (1) ~~which~~ that remain unclaimed for more than 1 year

1 from the date of issuance ~~shall~~ must be returned to the state ~~auditor~~ treasurer for cancellation in accordance
2 with 17-8-303."

3
4 **Section 29.** Section 39-51-3207, MCA, is amended to read:

5 **"39-51-3207. Authority to determine uncollectibility of debts -- transfer of debts for collection --**
6 **liability for payment of fees and costs of collection.** (1) After making all reasonable efforts to collect unpaid
7 contributions, assessments under 39-51-404(4), and penalties and interest ~~thereon~~, or overpaid benefits
8 under 39-51-3206 and interest ~~thereon~~, the department may determine a debt to be uncollectible. Upon
9 determining that a debt is uncollectible, the department may transfer the debt to the ~~state auditor~~
10 department of administration for collection as provided in 17-4-104.

11 (2) Subject to approval by the department, reasonable fees or costs of collection incurred by the
12 ~~state auditor~~ department of administration may be added to the amount of the debt, including added fees
13 or costs. The debtor is liable for repayment of the amount of the debt plus fees or costs added pursuant
14 to this subsection. All money collected must be returned to the department to be applied to the debt,
15 except that all fees or costs collected must be retained by the ~~state auditor~~ department of administration.
16 If less than the full amount of the debt is collected, the state auditor shall retain only a proportionate share
17 of the collection fees or costs."

18
19 **Section 30.** Section 44-2-314, MCA, is amended to read:

20 **"44-2-314. Use of ~~moneys~~ money -- records.** The state ~~auditor~~ treasurer is ~~hereby~~ authorized to
21 draw warrants on this account upon request of the attorney general when ~~such moneys are~~ money is
22 needed to pay any of the costs of keeping the system operative. A strict accounting ~~shall~~ must be kept of
23 all receipts and disbursements and ~~shall~~ must be available as a matter of record to members of the
24 appropriations committee of the house of representatives as they may require in the performance of their
25 duties."

26
27 **Section 31.** Section 53-18-102, MCA, is amended to read:

28 **"53-18-102. Creation of self-sufficiency trust account.** (1) There is created a self-sufficiency trust
29 account in the state treasury. The state treasurer shall deposit to the credit of the trust account money
30 received from a self-sufficiency trust for that purpose. The state ~~auditor~~ treasurer shall direct payments

1 from the trust account upon claims certified by the director of the department.

2 (2) The assets of the trust account must be preserved, invested, and expended in the manner and
3 for the purposes provided in 53-18-103. At the end of each fiscal year, the unexpended account balance
4 must carry forward to the next fiscal year and may not revert to the state general fund."

5
6 **Section 32.** Section 85-8-612, MCA, is amended to read:

7 **"85-8-612. Lien of assessments -- payment of assessments against state lands.** (1) From the time
8 of the entry of said order, assessments for construction of new work and additional assessments and
9 interest thereon shall be a lien upon the lands assessed, until paid. Any owner of land or any corporation
10 assessed for construction may, at any time within 30 days after the confirmation of said report, pay into
11 court the amount of the assessment against his land or any tract thereof or against any such corporation.
12 Said payment shall relieve said lands from the lien of said assessment and said corporation from all liability
13 on said assessment.

14 (2) Upon presentation to the state ~~auditor~~ treasurer of an order of the district court having
15 jurisdiction of ~~such the~~ drainage district, properly certified, the ~~auditor~~ department of administration shall
16 draw ~~his a~~ warrant on the ~~treasurer~~ treasury on the common school fund in favor of the commissioners of
17 ~~such the~~ drainage district for the total amount that may be assessed against any lands included in ~~such the~~
18 district, the title to which is in the state of Montana, ~~and upon~~ . Upon the payment of ~~such the~~ warrant,
19 ~~such the~~ lands ~~shall thereby be~~ are relieved from the lien ~~thereof~~ created for ~~such the~~ costs of
20 construction."

21
22 **Section 33.** Section 87-1-206, MCA, is amended to read:

23 **"87-1-206. Bounty claims for wild animals.** (1) The department of fish, wildlife, and parks shall pay
24 bounty claims for wild animals which have been filed with and approved by the board of livestock. The
25 department shall pay out of the state fish and game funds, other than those funds derived from license fees
26 paid by hunters and fishermen, bounties on predatory wild animals as the bounty claims are presented, not
27 exceeding \$7,500 per calendar year.

28 (2) The board of livestock shall, after approving the bounty claim, deliver the claim to the
29 department of fish, wildlife, and parks for rejection or approval. If the claim or certificate is rejected, it shall
30 be returned by the department to the board of livestock. If approved, it shall be delivered to the department

of administration for allowance or disallowance. Nothing in this section takes from the department of fish, wildlife, and parks the exclusive power to administer the fish and game moneys at its discretion.

(3) If the department of administration allows the claim, it ~~must send it to the auditor. The auditor must the department shall~~ draw ~~his a~~ warrant on the state fish and game ~~moneys~~ money in the state special revenue fund for the amount approved in favor of the claimant, in the order in which the claim is approved."

Section 34. Section 87-1-603, MCA, is amended to read:

"87-1-603. Payments to counties for department-owned land -- exceptions. Before November 30 of each year, the treasurer of each county in which the department owns any land shall describe the land, state the number of acres in each parcel, and request the drawing of a warrant to the county in a sum equal to the amount of taxes which would be payable on county assessment of the property were it taxable to a private citizen. The director shall approve or disapprove the request. The director may disapprove a request only if ~~he~~ the director finds it to be inconsistent with this section. If the director disapproves a request, ~~he~~ the director shall return it with an explanation detailing the reasons for the disapproval to the appropriate county treasurer for correction. If the director approves a request, ~~he~~ the director shall transmit it to the ~~state auditor~~ department of administration, ~~who~~ which shall draw a warrant payable to the county in the amount shown on the request and shall send the warrant to the county treasurer. The warrant is payable out of any funds to the credit of the department of fish, wildlife, and parks. ~~No~~ A payment may not be made to a county in which the department owns less than 100 acres. ~~No~~ A payment may not be made to a county for lands owned by the department for game or bird farms or for fish hatchery purposes or lands acquired and managed for the purposes of Title 23, chapter 1."

NEW SECTION. Section 35. Repealer. Section 17-1-121, MCA, is repealed.

NEW SECTION. Section 36. Codification instruction. [Section 5] is intended to be codified as an integral part of Title 17, chapter 1, part 1, and the provisions of Title 17, chapter 1, part 1, apply to [section 5].

NEW SECTION. Section 37. Effective date. [This act] is effective July 1, 1995.

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0563, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act transferring the warrant writing and bad debt (WWBD) management functions of the State Auditor to the director of the Department of Administration (DOA).

ASSUMPTIONS:

1. The WWBD functions would operate as two separate functions in the Accounting and Management Support Division of the DOA.
2. Thirteen of the current 14 FTEs performing WWBD functions in the State Auditor's office (SAO) will be transferred to DOA. The fiscal manager position will be eliminated on June 30, 1995, with the duties being absorbed by existing managerial staff in the DOA. Termination costs of \$5,300 will be paid by the DOA and are netted against the personal services reduction.
3. Initial operating costs to the DOA in FY96 as a result of the transfer are: signature plates and current warrant stock - \$10,500; disaster recovery warrant stock - \$10,000; remodeling and moving costs - \$8,000; D.P. transfer costs - \$6,000; other - \$1,500.
4. The WWBD function is being switched to a proprietary fund beginning in FY96. This will allow agencies that use the system to pay their share. The DOA will adopt the proprietary account and the rates established by the SAO.

FISCAL IMPACT:

Expenditures:

	<u>FY96</u>	<u>FY97</u>
	<u>Difference</u>	<u>Difference</u>
DOA:		
FTE	(1.00)	(1.00)
Personal services	(36,400)	(41,700)
Operating expense	<u>36,000</u>	<u>0</u>
Total	(400)	(41,700)

Funding:

Proprietary (06)	(400)	(41,700)
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LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

It is the opinion of the DOA that long-range efficiencies are possible due to placing the warrant writing system in the same department as the central computer (ISD) and accounting (SBAS) systems.

Dave Lewis 2-16-95

DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Paul Sliter 2-16-95

PAUL SLITER, PRIMARY SPONSOR DATE

Fiscal Note for HB0563, as introduced

HB 563

HOUSE STATE ADMINISTRATION

Page 5

- BILL NO - REFERRED - HEARING - OTHER CONSIDERATION DATES - EXECUTIVE ACTION/DATE/VOTE - REREFERRED - DATE READ

HB0467	GREEN, DICK	2/08	2/10	ENACT TERM LIMITS FOR PSC	PASS AS AMENDED	2-13-95 VOTE:18-0	2/13
HB0476	STOVALL, JAY	2/08	2/13	REVISE STATE AGENCY PUBLIC BIDDING CRITERIA FOR ARCHITECTS AND ENGINEERS	PASS AS AMENDED	2-15-95 VOTE:12-6	2/16
HB0494	CLARK, ROBERT	2/09	2/14	HIGHWAY PATROL OFFICERS' MEMORIAL ON CAPITOL GROUNDS	PASS AS AMENDED	2-14-95 VOTE:16-2	2/15
HB0523	MCKEE, JEANETTE	2/11	2/15	REVISIONS TO COMMUNITY SERVICE ACT: REPEAL OF MONTANA ENTERPRISE ACT	2-15-95, 2-17-95, 17-1 8-10 2-16-95 VOTE: 9-9		
HB0529	MOLNAR, BRAD	2/11	2/15	STANDING LEGISLATIVE COMMITTEE APPROVAL OF RULE IMPLEMENT THEIR BILL	TABLED ON	02/15 VOTE:18-0	
HB0563	SLITER, PAUL	2/15	2/17	TRANSFER WARRANT WRITING AND DEBT MANAGEMENT FUNCTIONS TO DEPT OF ADMIN	PASS AS AMENDED	2-17-95 VOTE:12-6	2/17
HB0593	DENNY, MATT	3/11	3/15	REVISE PUBLIC SERVICE COMMISSION	PASS AS AMENDED	3-20-95 VOTE:11-7	3/20
HJ0005	COBB, JOHN	1/02	1/04	RESOLUTION ASKING GOV TO REQUEST AGENCIES REVIEW AND REDUCE RULES	DO PASS	1-4-95 VOTE:18-0	1/04
HJ0017	TROPILA, JOE	2/03	2/10	HONOR TODD FOSTER	DO PASS	2-10-95 VOTE:18-0	2/10
HJ0018	BRAINARD, MATT	2/07	2/10	ENCOURAGE GUN OWNERSHIP TO PROTECT STATE AND ITS PEOPLE	TABLED ON	02/16 VOTE:16-2	
HJ0019	PAVLOVICH, BOB	2/04	2/09	INTERIM STUDY OF VETERANS' NEEDS	DO PASS	2-9-95 VOTE:14-4	2/09
HJ0030	GRINDE, LARRY HAL	3/31	4/05	RESOLUTION URGING PASSAGE OF FEDERAL BALANCED BUDGET AMENDMENT	PASS AS AMENDED	4-6-95 VOTE: 14-4	4/06

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
54th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON STATE ADMINISTRATION

Call to Order: By **CHAIRMAN RICHARD SIMPKINS**, on February 17, 1995, at 8:00 a.m.

ROLL CALL

Members Present:

Rep. Richard D. Simpkins, Chairman (R)
Rep. Matt Denny, Vice Chairman (Majority) (R)
Rep. Dore Schwinden, Vice Chairman (Minority) (D)
Rep. Matt Brainard (R)
Rep. Patrick G. Galvin (D)
Rep. Dick Green (R)
Rep. Antoinette R. Hagener (D)
Rep. Harriet Hayne (R)
Rep. Sam Kitzenberg (R)
Rep. Bonnie Martinez (R)
Rep. Gay Ann Masolo (R)
Rep. William Rehbein, Jr. (R)
Rep. George Heavy Runner (D)
Rep. Susan L. Smith (R)
Rep. Carolyn M. Squires (D)
Rep. Jay Stovall (R)
Rep. Lila V. Taylor (R)
Rep. Joe Tropila (D)

Members Excused: Rep. Jay Stovall (R)
Rep. Lila Taylor (R)

Members Absent: none

Staff Present: Sheri Heffelfinger, Legislative Council
Christen Vincent, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: HB 563
Executive Action: HB 563 DO PASS
HB 523 DO PASS (FAILED)

{Tape: 1; Side: A.}

HEARING ON HB 563Opening Statement by Sponsor:

REP. PAUL SLITER, HD 76, presented written testimony. **EXHIBIT 1** He opened by stating this bill transfers the warrant-writing authority from the Auditor to the Department of Administration. He asked **Sheri Heffelfinger** to explain the technical amendment to the bill.

Sheri Heffelfinger stated this amendment takes care of an oversight in the title of the bill. The bill had been rewritten several times and this was left in the title when it shouldn't have been.

REP. SLITER stated when he put this bill request in he didn't realize the political whirlwind this would cause. He stated **REP. BARDANOUVE** proposed this legislation in the last session and before he was able to go to the first committee hearing on it the bad debt management and warrant-writer functions were stricken at his request during the committee hearing. He quoted the representative from his closing remarks when he presented the bill. **REP. SLITER** found that interesting because the amendments that were taken out of that bill are essentially what this bill is.

He stated the pros of transferring the warrant writer and bad debt management function to the Department of Administration are that the consolidation would eliminate one management level FTE and provide some cost savings in the 1996-1997 biennium. This bill would centralize management control of the state's major financial systems. It would increase efficiencies in future cost savings. There would be a greater integration of systems and better coordination of the enhancements of the systems.

He stated the one FTE that would be eliminated would be the fiscal manager position to the warrant writer. The savings would be a total of about \$78,000. The moving, remodeling, equipment and software purchases would eat up most of this savings in the first year. The saving for the biennium are 1.0 FTE and approximately \$42,000.

The state auditor has had this function since 1895. Debt collection was just recently transferred from the Department of Revenue to the State Auditor's Office. He felt both of these should be in the Department of Administration and would make government more efficient.

He stated **REP. QUILICI** is carrying a bill that would create proprietary accounts which is something this bill would have done. It was felt it wasn't needed because it looked like the other bill would pass. **REP. SLITER** explained a proprietary account means the departments and agencies that use the warrant-writing system will be responsible for the costs involved.

REP. SLITER stated **REP. BARDANOUVE** was in the legislative body for a great many years and felt this would have been a good government and cost savings approach. He believed there were some substantial political circumstances that led him to provide for the amendments.

Proponents' Testimony: none

Opponents' Testimony:

Mark O'Keefe, State Auditor, stated when he was elected he was elected to do a number of things. One of those things was to superintend the fiscal duties of the state and keep an account of all state warrants. He stated that is what their agency does and they do it efficiently. His analysis of the bill shows the measure costs taxpayers money and the reviews by his agency and the department show that moving the warrant writer and the bad debts will be more expensive for Montanans than it is under the current system. He stated the reason the amendments were placed on the bill two years ago were because the Governor's Office and their office convinced **REP. BARDANOUVE** this wouldn't save any money with the amendments on it. He stated anyone who thinks **REP. BARDANOUVE** didn't pull those amendments off for that reason and for that reason alone are questioning his integrity.

He stated he had a fiscal note. **EXHIBIT 2** He then gave a breakdown of his fiscal note. He made comparisons with the two fiscal notes. He asked where these numbers came from and why they seemed to disappear. He stated he didn't know why those numbers seemed to disappear but he had some suspicions as to why they did.

He stated this proposal before the committee was not a new one. He said most recently it was considered by the Governor's Task Force to Renew Government. The subcommittee rejected transferring the warrant writing and bad debt functions to the Department of Administration because it couldn't be shown that taxpayers would save any money. They had shown the Governor that they had been reducing the cost of running the bad debt and warrant programs. They told the task force they were not afraid to compete with any other agency or private business in this regard. They stated they would compare their costs with running their office with that of what it would cost for any other agency. He stated they all should be comparing and seeing who could give them quality service at the lowest price. He stated they do it now.

Mr. O'Keefe said he had been responsible for the fiscal management of the warrant system for three years and he couldn't remember receiving one complaint from his customers. They write warrants for every agency in state government and work with these people and have gone out of their way to have open houses to meet those people and to design a system that everyone can work with and will work well. He stated they have a competitive edge as

far as writing warrants and are becoming more efficient. Since 1979 they have cut the cost to produce warrants. Postage hikes have been the only increase in costs for the past 15 years. Their internal personal services costs have dropped 19 percent in the past 15 years. He stated his average cost per warrant is 41 cents, the lowest in the nation that they know of. They believe they have an efficient warrant-writing process when compared with other states and believe the service is excellent and is getting better.

They continue to strive to reduce the cost of this system. The warrant-writing system success is an example of cutting cost in government and making government better and cheaper, not for their benefit but for the benefit of the constituents. He stated this program has increased its efficiency and reduced associated costs through increased collections. The 38 percent reduction in cost of recovering will provide additional funds for the general fund of Montana. In the 1993 session they worked with the Racicot administration to review their warrant-writing and payroll system. They determined it made good common sense to move the payroll function to the administration. He told the Governor if it makes good sense and makes the system either cheaper or more efficient, he would support it. He stated payroll did, moving bad debt and warrant writing didn't. He stated the proposal in this bill wasn't made by the Governor's office or by the Department of Administration. Both offices agree this is not a common sense move.

He stated **REP. SLITER** said it was political and he was right. He stated he would like someone to prove to him that politics are not involved if this bill costs Montanans more to do the same service they have right now. He stated when they consider the cost, the taxpayers will have to pay more money and perhaps have a less efficient system per function that he thinks is done as efficiently and effectively as any in state government.

One of the reasons it is, is because an elected official is in charge of it and not a bureaucrat. This is a system where they have to be 100 percent right. There is no room for mistakes. They must send out the checks, and they must send out the right checks. They pay a lot of attention to that. He stated someone doesn't want a Democrat's name on state checks, especially the tax rebate checks that are going out after the effective date of this bill.

He said there wasn't much more he could say about the bill. To him it is a purely political measure designed to take off, in this case his name, a Democrat's name, off state warrants before hundreds of thousands of checks go out to Montanans in the form of tax rebates. He stated if they were going to do this for political reasons, they needed to be honest about it. He said if they didn't want his name on the checks, don't destroy the program. He suggested making Tom Crosser the one to sign the checks. He stated he didn't think they should destroy a

government function just for pure political reasons. If they are going to change those duties they need to be prepared to explain why to the citizens of Montana, because he will let them know they have done that. If they are going to move this function, do it for a good reason and if they have a good reason he will support it. If it has good fiscal sense, if it makes the system more efficient, he told them to do it, but they needed to be able to prove that to him.

Informational Testimony: none

Questions From Committee Members and Responses:

REP. BRAINARD asked what system is currently in place to audit the warrant writing.

Tom Crosser, Deputy for Fiscal Control and Management, State Auditor's Office, replied the Legislative Auditor forms basically two audit functions. They audit the electronic part of the system to make sure the controls on the data processing in the system are in compliance with audit recommendations. They also have a financial compliance audit that reviews the expenditures and costs of the programs along with the rest of the agencies' programs. This happens every two years.

REP. DENNY asked if the Legislative Auditor finds exceptions in the last audit.

Mr. Crosser responded only the recommendation from a previous audit that still existed was a disaster recovery plan. They didn't write them up on that because of the work they had done with the Department of Administration. They did not have any other audit recommendations at that time.

REP. DENNY asked **Mr. Lewis** to address the fiscal notes.

Dave Lewis stated he didn't find out until the day before about the hearing. They worked well into the evening to get the fiscal note out for the committee. He stated the major issue **Mr. O'Keefe** raised was the \$150,000 cost of upgrading the system. That would have to take place sometime in the future whether the function is in the Auditor's Office or in the Department of Administration. They didn't attribute that to the cost of the move. He stated he thought that was valid. The major impact is the Department of Administration can absorb the supervision of the function within the current staff of the Accounting Division. This would allow for some staff cuts to take place. This is something that has been looked at for more than twenty years. He stated it makes sense to put the functions together. He stated the fiscal note simply reflects the staff saving by putting the functions together.

REP. SCHWINDEN asked if this had been discussed for twenty years why didn't the Governor make some recommendation on it and why is

the committee getting this bill so late, after the Speaker's deadline for hearing these bills in the first place. He stated it seemed to be a little late in the process to be considering this measure now. If it has been around so long, why are they getting it at this time.

Mr. Lewis stated this was submitted as part of HB 153 in the last session. There was a lot of controversy about moving the bad debt and warrant writer to the Department of Administration. He stated it was his understanding that members of the Task Force didn't think this was possible to accomplish. He stated it wasn't high on their list of priorities because of the legislation in the last session. As to the timing, he didn't know when the sponsor put the bill request in or any of the times like that.

{Tape: 1; Side: B.}

REP. SIMPKINS stated **Mr. Lewis** didn't schedule this bill for the hearing on this day, he did. He told **REP. SCHWINDEN** to leave the scheduling of the bill out of the question if he had more questions to ask.

REP. BRAINARD asked what handicaps the Department of Administration from doing this.

Mr. Crosser stated he can't say they couldn't do this function for the same cost. He had spent a great amount of time trying to reduce the cost to come up with a plan that would reduce the cost further, give agencies an incentive to use lower cost options to make payments. They do have different options available. He stated the argument was made with HB 153 that money would be saved when the payroll function was transferred to the Department of Administration. He said that wasn't the case. They aren't the same program, and it wouldn't be fair to draw the same conclusions for both of the programs. His people work very hard at all times. He didn't think there was a better system in the area. He stated the biggest part of their cost is postage at the current time. He thought state agencies needed to learn how to manage the amount of warrants they write.

REP. SMITH stated she had heard a concern raised that there would be a dual system for warrant writing.

Mr. Crosser stated there was some concern with that when HB 153 was debated, whether the checks and balances existed and whether the accounting and warrant-writer functions were the same program. He believed there were ways electronically and through internal controls to make the audit problem not that important. He stated he thought they still needed those checks and balances.

REP. SMITH asked if he was saying there were two separate systems.

Mr. Crosser stated there weren't really two warrant-writer systems. There has always been a state accounting system which drives the warrant system. When a state agency wants to generate a warrant, they put a transfer warrant claim into the state accounting system which is in the Department of Administration. When done there, it is transferred to the warrant-writing system and they generate the warrant from their own system. They do maintain the warrant system as a separate agency. They have to track the warrants once they issue them.

REP. REHBEIN asked if this bill were to pass, would the ideas and technology be transferred as well.

Mr. Crosser stated the Department of Administration would continue on with his cost plan. It makes business sense, it gives agencies incentives to use lower cost options. He thought electronics is the wave of the future and they work closely with the Department of SRS in developing direct deposit for the payments they make. They can then truly reduce staff and reduce the costs of doing those transactions.

Closing by Sponsor:

REP. SLITER stated, as he suspected, they had a political battle. It wasn't what he wanted. To answer **REP. SCHWINDEN'S** question in regard to the bill's timing, it was his fault the bill was slow in getting to committee. He was under great pressure not to introduce this bill. He stated he had a long conversation with **Mr. O'Keefe** a few days before and his position was not to introduce the bill. He stated he got to thinking about it. **REP. BARDANOUVE** thought this was a good idea. He felt it was a good idea, too. Someone talked **REP. BARDANOUVE** out of pieces of that bill. Someone tried talking him out of it as well.

When they talk about the political issue of getting the names off the checks, he stated he was trying to de-politicize this. He said there was a question asked early in the session as to whether the state executive's name should be on the checks. He said this was not political and he didn't want this to be political. If the auditor's name comes off, the checks become less political. He is an elected official, why put another elected official's name on the checks. Under this bill the Director of the Department of Administration would have his or her name on the checks. That is where it belongs. It doesn't belong on a political position, it belongs where politics are out of it.

He stated as for **REP. BARDANOUVE'S** integrity, he didn't question his integrity. He did question the integrity of some people who want to put a political fight before the committee when he is trying to save money and carry on the former Dean of the Senate's wishes from HB 153.

REP. SIMPKINS entered the dates of the bill's history into the record.

LC 1156

REQUESTED JAN. 2, 1995

READY FOR DELIVERY FEB. 2, 1995

REDO FEB. 2, 1995

REDO FEB. 3, 1995

READY FOR DELIVERY FEB. 10, 1995

PICKED UP FEB. 14, 1995

INTRODUCED FEB. 15, 1995

POSTED FEB. 15, 1995

HEARING FEB. 17, 1995

EXECUTIVE ACTION ON HB 563

Motion: **REP. BRAINARD** MOVED HB 563 DO PASS.

Discussion:

REP. SCHWINDEN stated he hasn't heard whether the bill will save any money. If they are going to break this bill down into the basics, it has not been demonstrated this bill will save money or makes common sense. For those reasons, he would not support this bill.

REP. REHBEIN stated **REP. SCHWINDEN** had made a good point but the reverse is true as well. He stated it had not been demonstrated to him how this bill wouldn't save money. He thought because of efficiency it could possibly save some money. If there is any chance this bill would save some money, he would support the bill. He believed the possibility was there.

REP. KITZENBERG stated one of the things he would have liked to have heard in this hearing is what **REP. BARDANOUVE** had to say about the bill currently.

REP. SQUIRES stated it is really a credit to **Mr. Crosser** that he has been able to streamline the system down to the point that it had no recommendations by the Auditor except the one mentioned and to bring the cost down to 41 cents per warrant. She didn't think they should eliminate his position. He has been effective and beneficial. She believed it should be left where it is being done.

Vote: Motion passed 12-6 with **REP. SCHWINDEN**, **REP. GALVIN**, **REP. HAGENER**, **REP. HEAVY RUNNER**, **REP. SQUIRES**, and **REP. TROPILA** voting no, and with **REP. STOVALL**, and **REP. TAYLOR** voting yes by proxy.

EXECUTIVE ACTION ON HB 523

Motion: **REP. SQUIRES** MOVED HB 523 DO PASS.

HOUSE OF REPRESENTATIVES

State Administration

ROLL CALL

DATE 2-17-95

NAME	PRESENT	ABSENT	EXCUSED
Rep. Dick Simpkin, Chairman	✓		
Rep. Matt Denny, Vice Chairman, Majority	✓		
Rep. Dore Schwinden, Vice Chair, Minority	✓		
Rep. Matt Brainard	✓		
Rep. Pat Galvin	✓		
Rep. Dick Green	✓		
Rep. Toni Hagener	✓		
Rep. Harriet Hayne	✓		
Rep. George Heavy Runner	✓		
Rep. Sam Kitzenberg	✓		
Rep. Bonnie Martinez	✓		
Rep. Gay Ann Masolo	✓		
Rep. Bill Rehbein	✓		
Rep. Susan Smith	✓		
Rep. Jay Stovall			✓
Rep. Carolyn Squires	✓		
Rep. Lila Taylor			✓
Rep. Joe Tropila	✓		

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

State Administration

DATE 2-17-95 BILL NO. H8 NUMBER 523

MOTION: Rep. Squires moved Do Pass

NAME	AYE	NO
Rep. Dick Simpkin, Chairman	✓	
Rep. Matt Denny, Vice Chairman, Majority		✓
Rep. Dore Schwinden, Vice Chairman, Minority	✓	
Rep. Matt Brainard		✓
Rep. Pat Galvin	✓	
Rep. Dick Green		✓
Rep. Toni Hagener	✓	
Rep. Harriet Hayne		✓
Rep. George Heavy Runner	✓	
Rep. Sam Kitzenberg	✓	
Rep. Bonnie Martinez		✓
Rep. Gay Ann Masolo		✓
Rep. Bill Rehbein		✓
Rep. Susan Smith		✓
Rep. Jay Stovall <i>By Proxy</i>		✓
Rep. Carolyn Squires	✓	
Rep. Lila Taylor <i>By Proxy</i>		✓
Rep. Joe Tropila	✓	

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

State Administration

DATE 2-14-95 BILL NO. HB NUMBER 563

MOTION: Rep. Brainard moved DO PASS hb 056301.ash

NAME	AYE	NO
Rep. Dick Simpkin, Chairman	✓	
Rep. Matt Denny, Vice Chairman, Majority	✓	
Rep. Dore Schwinden, Vice Chairman, Minority		✓
Rep. Matt Brainard	✓	
Rep. Pat Galvin		✓
Rep. Dick Green	✓	
Rep. Toni Hagener		✓
Rep. Harriet Hayne	✓	
Rep. George Heavy Runner		✓
Rep. Sam Kitzenberg	✓	
Rep. Bonnie Martinez	✓	
Rep. Gay Ann Masolo	✓	
Rep. Bill Rehbein	✓	
Rep. Susan Smith	✓	
Rep. Jay Stovall By Proxy	✓	
Rep. Carolyn Squires		✓
Rep. Lila Taylor By Proxy	✓	
Rep. Joe Tropila		✓

HB 563 TESTIMONY

TITLE

AN ACT TRANSFERRING THE WARRANT WRITING AND BAD DEBT MANAGEMENT FUNCTIONS OF THE STATE AUDITOR TO THE DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION, WHO IS THE EX OFFICIO STATE TREASURER; CHANGING THE SPECIAL REVENUE ACCOUNT FOR THE WARRANT WRITER PROGRAM TO AN INTERNAL SERVICE FUND; AMENDING SECTIONS 2-18-412...; REPEALING SECTION 17-1-121, MCA; AND PROVIDING AN EFFECTIVE DATE.

PURPOSE

To transfer the warrant writing and bad debt management functions of the state auditor to the director of the department of administration in order to continue to centralize the management and control of the State's major financial systems and create cost savings along with increased efficiencies due to greater integration and coordination of system operations.

BACKGROUND

HB 563 transfers the warrant writing and bad debt management functions of the State Auditor's Office to the Department of Administration. It continues the process started in the 1993 session to centralize the management and control of the State's major financial systems. The bill creates short-term cost savings along with increased efficiencies due to greater integration and coordination of system operations which can generate future cost savings.

The warrant writing system and the Statewide Budgeting and Accounting System (SBAS) are two highly integrated mainframe systems operated by two separate agencies - the State Auditor's Office and the Department of Administration - and maintained by ISD. Technically, there would be no warrant writing system without SBAS. The warrant writing system creates state warrants for state agencies only from electronic transfer warrant claims which successfully process through SBAS. The bad debt system is a program integrally related to the warrant writing system. It involves an automated review of claims against the state which may be offset against bad debts.

The warrant writing system and the bad debt management function currently operate in the Fiscal Control and Management Division in the State Auditor's Office. The Fiscal Control and Management Division is comprised of a supervisory position and 13 additional FTE broken down into two programs as follows:

EXHIBIT 1
DATE 2-17-95
HB 563

- a. Warrant Writer is made up of a supervisor and six (6) additional FTE. This group performs functions such as warrant writing, warrant cancellations, updating payee ID files, the cashing of warrants and the consolidation of 1099 MISC information reported by state agencies.
- b. Bad Debts is made up of a supervisor and five (5) additional FTE. This group is responsible for all aspects of bad debts including approving the taking of warrants, sending money to the person owed and keeping the file of recipients up-to-date.

Because both programs are integrally related to SBAS and the treasury operation, they would be established as two units within the Accounting and Management Support Division of the Department of Administration. Existing managerial staff in the division could absorb the supervisory duties of the current fiscal manager position. As a result, the fiscal manager position could be eliminated. The \$78,100 savings created by the elimination of this 1 FTE would be offset by one-time expenditures associated with moving and transfer costs totaling \$36,000. The net short-term cost savings associated with the transfer of these programs from the State Auditor's Office to DoA amounts to \$42,100. The savings are assumed to occur in the proprietary fund as proposed in HB 522.

Other significant benefits of this proposal include the centralized management and control of the State's financial systems within one accountable agency, DoA, increasing the ability to coordinate the general operation and maintenance of these systems and their associated program priorities, system enhancements and budgets. The administration of the warrant writing and bad debt programs is not an integral part of the mission of the State Auditor's Office which focuses on securities and insurance regulation. Administration of the warrant writer/bad debt system is similar in purpose and function to the administration of the statewide accounting system. The databases of these two systems have been integrated so "tightly" that it is difficult to distinguish where one computer system ends and the other begins. In fact, there are no clearly defined boundaries as the databases are designed to process as part of a single, integrated whole. Centralized management of these systems enables them to operate more efficiently and effectively and improves the ability to respond to management and user needs.

Continued integration and enhancement of these systems to take advantage of current technology and to create greater efficiencies of operation and associated cost savings can be implemented more efficiently within one department. Fragmentation of responsibility for administering these systems results in variances in philosophy, priorities, budgets, and schedules, all of which complicate the coordination of support activities and system enhancements. Additionally the lack of a single perspective applied to system enhancements results in a loss of continuity. By centralizing coordination of system enhancements, system capabilities, reporting, and data can be streamlined for greater efficiency and economy.

Difficulties arise when systems continue to evolve in the direction of increasing integration but governmental program responsibility remains in those agencies that traditionally had responsibility for the various programs. ISD currently provides computer programming support for all of the State's major financial subsystems, including SBAS, PPP, warrant writing system, and their related processes such as recording of Miscellaneous Income (IRS 1099's). Each subsystem is supported by a separate technical support team who independently respond to each program manager's management objectives, priorities, and schedules. It is becoming very difficult to maintain what is essentially only one large financial management system from a technical point of view in an environment where several independent program managers request system enhancements from program perspectives that are often not coordinated. It is not unusual for ISD to provide project management from "the bottom up" when a programming request initiated by one agency upon analysis is found to affect one or more of the State's other financial systems. Attempting to support these tightly integrated financial subsystems with different technical support groups that report to different management has definitely introduced unnecessary costs, increased risks, and resulted in missed opportunities that have diminished the overall effectiveness of the total effort.

Finally, transferring the warrant writer/bad debt programs to the Department of Administration makes them less subject to the "politics" of an elected office. The anticipated controls supposedly created by an elected official's being held more accountable to their constituents have been replaced by technological checks and balances incorporated into the system operations along with the separation of authority and responsibility.

SBAS

SBAS, a complex system including PAMS as a subsystem, has been in effect since fiscal year 1972, and upgraded substantially in 1979. It is the primary accounting system for state government. SBAS provides uniform accounting and reporting for all state agencies showing the receipt, use, and disposition of all public money and property in accordance with generally accepted accounting principles (GAAP).

OBPP establishes appropriation authority on SBAS for all state agencies at the beginning of each fiscal year to reflect authority cited in enrolled appropriations bills adopted by the legislature. OBPP transmits to each agency a document used to establish the operating budget for each program in state government, and then initializes and maintains appropriation authority on SBAS electronically.

Controls exist within SBAS to ensure agency transactions are balanced. DOA distributes monthly SBAS reports to agencies to enable management to monitor current financial information, for greater financial control. SBAS data is also used by DOA to generate state annual financial documents such as the Comprehensive Annual Financial Report (CAFR) and the Federal Cost Allocation Plan. OBPP uses SBAS data to generate actual expenditures and files reflecting ongoing current level authority. These files are then transmitted to LFA.

DOA implemented on-line entry and edit (OE&E) in February 1989. OE&E was designed to increase the state's efficiency and accuracy in entering accounting data and paying bills. Fiscal year 1990 was the first year OE&E was used statewide.

Agencies can either input claim information directly on-line, via OE&E, into SBAS, or agencies can run batch jobs to load SBAS claims. This information is then translated electronically into more specific warrant writing system terminology, which in turn is used to generate state warrants. SBAS provides further checks and balances in the warrant issuance process to ensure that warrants are not issued against accounts reflecting insufficient funds. An example of the steps involved in paying an agency invoice are outlined in Appendix E. Also, as shown under the above PPP section, SBAS and PPP interact in virtually every system to some extent.

While frequently referred to as a separate database, PAMS is a subsystem of SBAS. The automated PAMS system is a statewide property inventory system. SBAS incorporates the agency property data into the budget process. Similar subsystems include the Teacher's Retirement and Public Employee Retirement system databases, which also feed through SBAS. These subsystems will be treated as one database system, SBAS, for the purposes of this report.

Step 7: Each day, First Bank brings to the Treasurer's office all warrants which have cleared the bank. The Treasurer's office will then issue a SBAS document to actually remove the cash from the state and reduce the amount of outstanding warrants. The checks are then sent to the State Auditor's Office to be microfiched and stored. They also update their database to show the warrant being cashed.

Step 8: Monthly, the Accounting Bureau provides the agencies with a list of payments made to vendors for the current fiscal year (Form 395). This has greatly reduced the work load on the State Auditor's Office by allowing agencies to track their warrants on their own. The State Auditor's Office also has an inquiry system for tracking warrants during the current month as well as the prior six months.

Warrant Writing System

The warrant writing system, officially a part of the State Auditor's Office duties since inception in 1895, is an application on the mainframe computer operated and supported by ISD.

The State Auditor's Office implemented a new warrant writing system on July 1, 1989. The warrant writing system creates state warrants for state agencies from electronic transfer warrant claims which successfully process through SBAS. Every week night, after SBAS is updated with daily transactions, a SBAS report is created which identifies the number of warrants which must be written the subsequent morning. The computer operations technician in the State Auditor's Office runs an automated report to show that the warrant writing system balances to SBAS.

This report further refines the agency SBAS data into needed warrant writing details such as the specific number and amount of warrants to be written by agency, and the type (mailer or non-mailer) of warrant to be issued.

Other computerized reports are run to identify the amounts of electronic warrants included in the day's transactions and to determine possible offsets against outstanding bad debts.

Two more computer jobs are run to transmit warrant printing instructions to ISD for warrant printing on the mainframe printer in the computer center. ISD and the State Auditor's Office then perform a review of all warrant documents, printed and unprinted, to account for all forms. After printing is successfully completed, the technician updates the warrant writing database to reflect warrants processed.

In general, the warrant writing system dramatically improves the state's cash management abilities, including bad debt monitoring, just-in-time payments, enhancements to duplicate warrant and emergency warrant processing. The high degree of integration required of SBAS and the warrant writing system in order to provide these enhanced cash management capabilities makes it imperative that the affected program managers closely communicate and coordinate all changes to either system.

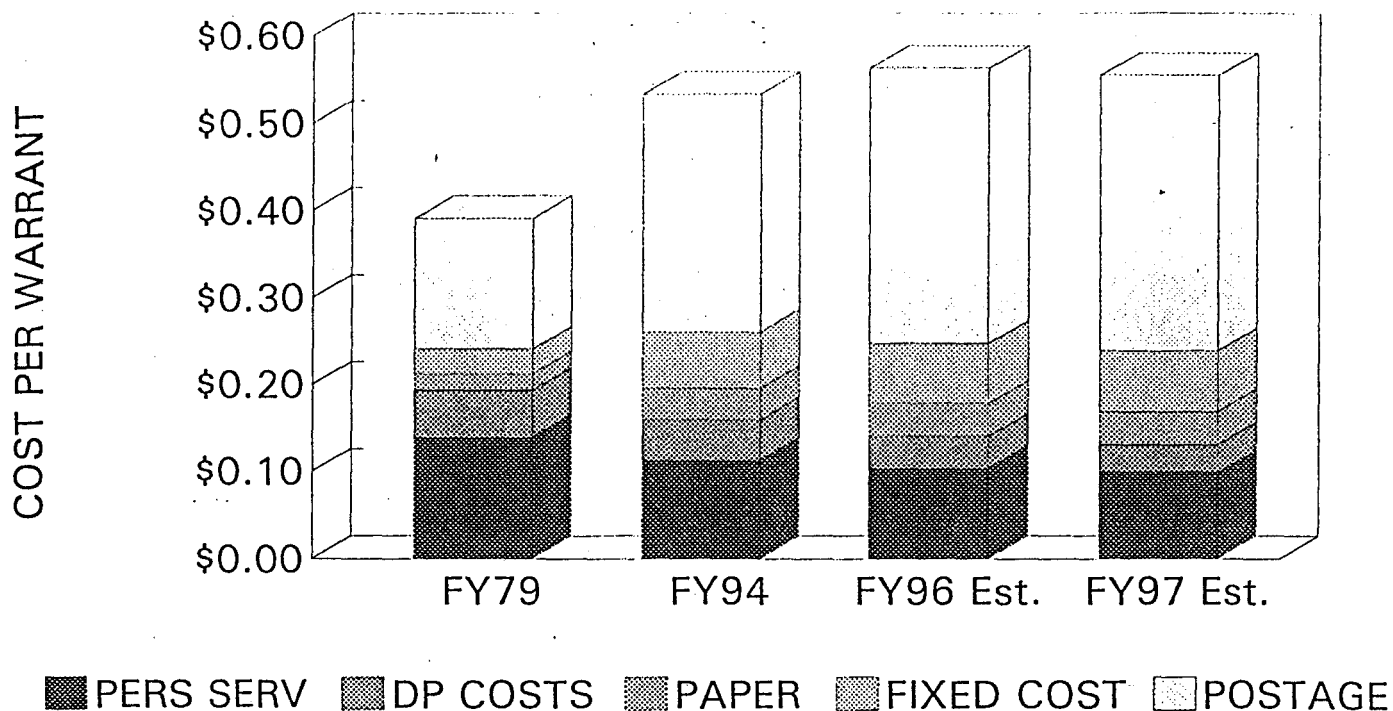
The bad debt system is a program integrally related to the warrant writing system. It involves an automated review of claims against the state which may be offset against bad debts.

The Current Structure of the SBAS AND WARRANT WRITING Systems

EXAMPLE: PAYING AN INVOICE

- STEP 1: Day #1, receipt of an Invoice at Legislative Fiscal Analysts Office (LFA).
- STEP 2: Day #1, LFA submits an on-line Form 231 Transfer Warrant Claim which will take money and authority from its accounts and places the money into a warrant holding account (Accounting Entity 07300) currently administered by DOA. At this time, the warrant database is also updated with vendor information. We now have two database records for each Form 231: one for SBAS and one for Warrants.
- LFA may implement optional OE&E edits.
- STEP 3: Day #1 (evening), SBAS data automatically updated in daily run by DOA. At the time of update, various checks are made by the system against various balances, such as cash and appropriation authority. If a Form 231 has a transaction posted against one of these areas and they are negative, the warrant database record will not be marked for approval to be written by the system.
- Step 4: Day #2 (early morning about 6 a.m.) The State Auditor's Office runs a series of jobs which verify what has been approved to write and then extracts the information in order to create a warrant. At this time, they also check against their bad debt database to see if any warrants should be held back. They also add warrants that were previously held and later released either in full or partially. The total of all warrants to be written must agree to SBAS numbers printed in Step 3.
- Step 5: Day #2, revised funding and expenditure figures are available to LFA through on-line inquiry screen(s). Daily transaction reports showing how documents processed are printed for all agencies. Warrants are picked up by General Services to mail usually late morning. They are already sorted in zip code order by the system before printing. Those warrants to be picked up by agencies are ready usually by 9:00 a.m.
- Step 6: Day #2, State Auditor's Office submits Form 237 - Auditors Warrant Issued Summary to take the money out of cash and move it into an outstanding warrant control account in the Treasurer's office accounting entity (10100). At this time, Accounting again reconciles the amount of warrants written to what was approved by SBAS.

MAILER WARRANT COST BREAKDOWN COST COMPARISON FY79 TO FY97



PER WARRANT COST FACTORS						
	PERSONAL SERVICES	DP COST	PAPER	FIXED COST	POSTAGE	TOTAL
FY79	\$0.1397	\$0.0538	\$0.0184	\$0.0290	\$0.1500	\$0.3909
FY94	\$0.1134	\$0.0464	\$0.0360	\$0.0645	\$0.2728	\$0.5331
FY96 Est.	\$0.1040	\$0.0368	\$0.0380	\$0.0683	\$0.3160	\$0.5631
FY97 Est.	\$0.0986	\$0.0324	\$0.0380	\$0.0694	\$0.3160	\$0.5544

- Since 1979, personal service costs have dropped 29.5% on each mailer warrant issued.
- Data processing costs have declined 39.8% on each warrant issued.
- Paper warrant costs have climbed 100.6% per warrant during the same timeframe.
- Fixed cost such as rent, audits and state cost allocations were not paid for in 1979. These cost have increased 139.3%.
- Postage, the most expensive component of processing these warrants, has increased 110.7%

EXHIBIT 2DATE 2-17-95UP 5.3

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HOUSE BILL NO. 552

INTRODUCED BY _____

BY REQUEST OF THE GENERAL GOVERNMENT SUBCOMMITTEE OF APPROPRIATIONS

A BILL FOR AN ACT ENTITLED: "AN ACT CHANGING THE DEPOSIT OF FUNDS COLLECTED FOR THE STATE WARRANT SYSTEM FROM THE SPECIAL REVENUE FUND TO THE INTERNAL SERVICE FUND; AMENDING SECTION 17-8-305, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 17-8-305, MCA, is amended to read:

"17-8-305. Cost accounting for warrant. ~~In his discretion it is the duty of the~~ The state auditor ~~to~~ may establish a cost accounting system to determine the unit cost of issuing and processing warrants and provide for a system of charges for services rendered in issuing and processing warrants for claims submitted by any department or agency of the state. ~~No such charge shall be made for warrants issued against the general fund. Funds collected under this section for budgeted programs shall be deposited to the credit of the general fund. Funds collected for new or unforeseen programs may~~ operation of the state warrant system must be deposited to the credit of a state special revenue an internal service fund account and expended for the purposes of paying the processing expenses incurred as a result of the ~~new program~~ state warrant system."

NEW SECTION. Section 2. Effective date. [This act] is effective July 1, 1995.

-END-

WARRANT WRITER/BAD DEBT TRANSFER

1. General Assumptions

- ▶The Warrant Writer and Bad Debt functions would operate as two separate sections within the Accounting and Management Support Division in the Department of Administration; each section currently has a supervisor in the State Auditor's Office.
- ▶The 14 FTE performing the current duties associated with these functions will be transferred initially.
- ▶Reorganization within the new department and consolidation of duties would enable the Department of Administration to absorb the duties assigned to the fiscal manager and eliminate the 1 FTE after an initial short-term (less than three months) transition period.
- ▶Positions transferred to Administration will be factored to determine their proper job classification and salary will be adjusted per State Personnel Policies as adopted by the Department of Administration.
- ▶The Warrant Writer/Bad Debt functions in DofA would be funded as proposed in HB 2 at the level proposed by the State Auditor's Office adjusted for proposed reductions; appropriation authority would be transferred from the State Auditor's Office to Dof A.
- ▶The rates developed by the State Auditor's Offices for these services will be adopted by the Department of Administration.
- ▶Signature plates, warrant stock, and associated titled forms will be replaced at the time of the transfer.
- ▶The Accounting and Management Support Division will incur certain one-time remodeling costs to accomodate the addition of personnel and provide appropriate office space; the State Auditor's Office will switch fiscal with securities.
- ▶The transfer of these functions to DofA is effective July 1, 1995.
- ▶All PC's will use Microsoft Windows and each individual will be placed on ZipOffice.
- ▶In the future the LAN Debt System will need to be reengineered at an estimated cost of \$150,000 (minimum).

2. Fiscal Impact

	<u>1996</u>	<u>1997</u>
Eliminate Fiscal Manager Position	\$(31,300)	\$(41,729)
One-Time Costs Associated w/Transfer:		
Termination Pay - Fisc. Mgr.	5,300	
Signature Plate Change	500	
Replace Warrant Stock	10,000	
Remodeling Costs	4,200	
Moving Costs - State Auditor	3,850	
Software/Printer	1,095	
ISD Transfer Costs	1,000	
LAN Debt Sys. Transfer Costs	<u>5,000</u>	
Net Cost (Savings)	<u>\$ (250)</u>	<u>\$(41,729)</u>

DEPARTMENT OF ADMINISTRATION

LAN debt reengineering	\$75,000	\$75,000
DofA projected savings	<u>(250)</u>	<u>(41,729)</u>
DofA cost	\$74,750	\$33,271

STATE OF MONTANA - FISCAL NOTE

EXHIBIT 2DATE 2-17-95

Fiscal Note for HB0563, as introduced

HB 563

DESCRIPTION OF PROPOSED LEGISLATION: An act transferring the warrant writer and bad debt functions from the State Auditor to the director of the Department of Administration.

ASSUMPTIONS:

1. The Department of Administration will maintain current staff for the warrant writer function. Allocations made for data processing support from the Auditor's data processing staff will be dropped and picked up by insurance and securities state special revenue account funding. Centralized service duties for the whole agency currently done by the Administrator of the Fiscal Control and Management Program will be assumed by an existing staff person in the State Auditor's Office.
2. The Department of Administration will continue to use the current warrant writing machines used by the State Auditor.
3. The Department of Administration will maintain a disaster backup file similar to the one currently used by the State Auditor.
4. Warrant writer equipment will be maintained in its current location. Staff locations will be switched with the State Auditor's Securities program so that the warrant and bad debt staffs will be in close proximity to the Department of Administration.
5. All existing warrant stock and signature plates will be replaced with appropriate warrant stock when the transfer occurs. All fixed assets of the warrant writer and bad debt program will be transferred to the Department of Administration.
6. Department of Administration will provide their own storage for cashed warrants and offsite disaster backup stock.
7. As with the Payroll transfer from the 93 legislature, the Department of Administration will re-write the bad debt and warrant writer LAN interface software. Cost of this re-write will be at least as expensive as the payroll re-write (\$150,000).
8. All cost incurred as a result of this transfer to the bad debt program will increase the rate charged user agencies for collection services. 50% of the this cost will be a loss to the state general fund.
9. The transfer is effective July 1, 1995. To ensure continuity of service, new signature plates and new warrant stock will be required to be on hand June 30, 1995. One months warrants are reflected as FY95 general fund cost.

FISCAL IMPACT:Expenditures:

A \$6,000 expenditure in FY95 from the general fund will need to be made to purchase one months worth of warrant stock and new signature plates. Expenditures in the first year of the transfer will increase \$107,815 over the current operational budget. In the second year of the biennium, operational costs will increase \$75,000.

Revenues:

In FY96, the Bad Debt Program will need to collect \$77,375 in added revenue to pay for the transfer costs related to the program. Half of this amount is lost revenue to the general fund. Revenue for bad debts will increase \$75,000 in FY97. Again half of this revenue will be lost general fund revenue.

Net Impact:

	FY96 <u>Difference</u>	FY97 <u>Difference</u>
General fund cost	\$42,013	\$37,500
Internal service fund cost	<u>65,803</u>	<u>37,500</u>
Total cost of transfer	\$107,815	\$75,000

In addition, there is a one time general fund cost of \$6,000 in FY95.

(continued)

FY95 costs:

One months warrants on hand at FYE:

Mailers form 01's	100,000@.04=\$4,000
Non-mailers 02's	15,000@.04= 600
Payroll 37's	10,000@.04= 400
Externals\SRS\Usys	12,500@.04= 500
Total warrant cost	\$5,500
Signature Plates	500
Total FY95 cost	\$6,000

FY96 costs:

Disaster Recovery backup warrants:

Mailers	130,000@.04=\$5,200
Non-mailers	40,000@.04= 1,600
SRS 71's	36,000@.04= 1,440
SRS 73's	14,000@.04= 560
Payroll 37's	24,000@.04= 960
Misc. Forms	2,000@.04= 80
Total backup stock	\$9,840

Wasted warrant stock:

Mailers	265,000@.04=\$10,600
Non-mailers	60,000@.04= 2,400
Total wasted stock	\$13,000

Moving costs:

21 FTE @ \$275 each	\$ 5,775	(\$1,375 related to bad debts)
		(2,475 related to warrant writer)
		(1,925 related to securities)

Remodeling Costs:

21 FTE @ \$200 each	\$ 4,200	1,000 related to BD
		1,400 related to Securities
		1,800 related to warrant writer

Bad Debt programming change	\$75,000
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Total FY96 Cost	\$107,815
-----------------	-----------

Funding:

Internal Service funds Warrant Writer	- \$27,115
Internal Service funds Bad Debts	- 77,375 x 50% = \$38,688 GF loss
Securities General fund	- 3,325
Total funding	\$107,815

FY97 Cost:

Bad Debt Programming change	\$75,000 x 50% = \$37,500 lost gen.fund
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LC 1156

Requested - Jan 2nd

Ready for delivery - Feb. 2nd.

REDO - 2/2

REDO - 2/3

Ready For Delivery - 2/10

Picked up - 2/14

Introduced - 2/15

Posting - 2/15

Hearing - 2/17

EXHIBIT 3
DATE 2-17-95
HB 563



HOUSE STANDING COMMITTEE REPORT

February 17, 1995

Page 1 of 1

Mr. Speaker: We, the committee on State Administration report that House Bill 563 (first reading copy -- white) do pass as amended.

Signed: *Dick Simpkins*
Dick Simpkins, Chair

And, that such amendments read:

1. Title, lines 6 and 7.

Strike: "CHANGING" on line 6 through "FUND;" on line 7

-END-


Committee Vote:
Yes 12, No 6.

411349SC.Hbk

50

1 HOUSE BILL NO. 563

2 INTRODUCED BY SLITER, BARNETT, BRAINARD, GREEN, CURTISS, AHNER, GRINDE, STOVALL,
3 MARSHALL, WELLS, FUCHS, MERCER, CLARK, BOHARSKI, KNOX, OHS, SIMPKINS, DENNY, HAYNE,
4 JORE, L. SMITH, TAYLOR, FORBES, WISEMAN, DEVANEY, KEENAN, REHBEIN, STORY, MILLS, ELLIS,
5 MCGEE, SOFT, MARTINEZ, MURDOCK, TASH, SOMERVILLE

6
7 A BILL FOR AN ACT ENTITLED: "AN ACT TRANSFERRING THE WARRANT WRITING AND BAD DEBT
8 MANAGEMENT FUNCTIONS OF THE STATE AUDITOR TO THE DIRECTOR OF THE DEPARTMENT OF
9 ADMINISTRATION, WHO IS THE EX OFFICIO STATE TREASURER; ~~CHANGING THE SPECIAL REVENUE~~
10 ~~ACCOUNT FOR THE WARRANT WRITER PROGRAM TO AN INTERNAL SERVICE FUND;~~ AMENDING
11 SECTIONS 2-18-411, 2-18-412, 2-18-702, 3-2-503, 7-4-2502, 17-1-101, 17-1-111, 17-1-122, 17-3-1004,
12 17-4-101, 17-4-102, 17-4-103, 17-4-104, 17-4-105, 17-4-106, 17-4-107, 17-4-108, 17-6-212, 17-8-211,
13 17-8-301, 17-8-303, 17-8-305, 17-8-306, 17-8-307, 23-7-312, 32-1-537, 39-3-213, 39-51-3207,
14 44-2-314, 53-18-102, 85-8-612, 87-1-206, AND 87-1-603, MCA; REPEALING SECTION 17-1-121, MCA;
15 AND PROVIDING AN EFFECTIVE DATE."

16
17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

THERE ARE NO CHANGES IN THIS BILL AND IT WILL
NOT BE REPRINTED. PLEASE REFER TO SECOND
READING COPY (YELLOW) FOR COMPLETE TEXT.

APPROVED BY COM ON
STATE ADMINISTRATION

HOUSE BILL NO. 563

INTRODUCED BY SLITER, BARNETT, BRAINARD, GREEN, CURTISS, AHNER, GRINDE, STOVALL,
MARSHALL, WELLS, FUCHS, MERCER, CLARK, BOHARSKI, KNOX, OHS, SIMPKINS, DENNY, HAYNE,
JORE, L. SMITH, TAYLOR, FORBES, WISEMAN, DEVANEY, KEENAN, REHBEIN, STORY, MILLS, ELLIS,
MCGEE, SOFT, MARTINEZ, MURDOCK, TASH, SOMERVILLE

A BILL FOR AN ACT ENTITLED: "AN ACT TRANSFERRING THE WARRANT WRITING AND BAD DEBT
MANAGEMENT FUNCTIONS OF THE STATE AUDITOR TO THE DIRECTOR OF THE DEPARTMENT OF
ADMINISTRATION, WHO IS THE EX OFFICIO STATE TREASURER; ~~CHANGING THE SPECIAL REVENUE
ACCOUNT FOR THE WARRANT WRITER PROGRAM TO AN INTERNAL SERVICE FUND;~~ AMENDING
SECTIONS 2-18-411, 2-18-412, 2-18-702, 3-2-503, 7-4-2502, 17-1-101, 17-1-111, 17-1-122, 17-3-1004,
17-4-101, 17-4-102, 17-4-103, 17-4-104, 17-4-105, 17-4-106, 17-4-107, 17-4-108, 17-6-212, 17-8-211,
17-8-301, 17-8-303, 17-8-305, 17-8-306, 17-8-307, 23-7-312, 32-1-537, 39-3-213, 39-51-3207,
44-2-314, 53-18-102, 85-8-612, 87-1-206, AND 87-1-603, MCA; REPEALING SECTION 17-1-121, MCA;
AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 2-18-411, MCA, is amended to read:

"2-18-411. Lost warrants -- duplicate. (1) Upon receipt of proof satisfactory to the ~~state auditor~~
treasurer that a payroll warrant issued by the state ~~auditor~~ treasurer has been lost or destroyed prior to its
delivery to the employee to whom it is payable, the state ~~auditor~~ treasurer shall, upon certification by the
payee's appointing power, issue a duplicate warrant in payment of the same amount without requiring a
bond from the payee ~~and any~~. Any loss incurred in connection therewith shall with the warrant must be
charged against the account from which the payment was derived.

(2) A payroll warrant ~~shall be~~ is considered to have been lost if it has been sent to the payee but
not received by ~~him~~ the payee within a reasonable time, consistent with the policy of prompt payment of
employees, or if it has been sent to a state officer or employee for delivery to the payee or for forwarding
to another state officer or employee for ~~such~~ delivery and has not been received within ~~such~~ a reasonable
time."

1 **Section 2.** Section 2-18-412, MCA, is amended to read:

2 **"2-18-412. Designation of person to receive decedent's warrants -- reissuance.** ~~Any A~~ person ~~new~~
3 ~~or hereafter~~ employed by the state may file with ~~his~~ the person's appointing power a designation of a
4 person who, notwithstanding any other provision of law, shall, on the death of the employee, be entitled
5 to receive all warrants that would have been payable to the decedent had ~~he~~ the employee survived. The
6 employee may change the designation from time to time. A person ~~so~~ designated shall claim ~~such~~ the
7 warrants from the state ~~auditor~~ treasurer and on sufficient proof of identity, the ~~state auditor~~ treasurer shall
8 reissue the warrant in the name of the designated person and deliver ~~said~~ the warrant to the designated
9 person."

10
11 **Section 3.** Section 2-18-702, MCA, is amended to read:

12 **"2-18-702. Group insurance for public employees and officers.** (1) All counties, cities, towns,
13 school districts, and the board of regents shall upon approval by two-thirds vote of their respective officers
14 and employees enter into group hospitalization, medical, health, including long-term disability, accident,
15 ~~and/or~~ or group life insurance contracts or plans for the benefit of their officers and employees and their
16 dependents. The laws prohibiting discrimination on the basis of marital status in Title 49 do not prohibit
17 bona fide group insurance plans from providing greater or additional contributions for insurance benefits
18 to employees with dependents than to employees without dependents or with fewer dependents.

19 (2) State employees and elected officials, as defined in 2-18-701, may participate in state employee
20 group benefit plans as are provided for under part 8 of this chapter.

21 (3) For state officers and employees, the premiums required from time to time to maintain the
22 insurance in force must be paid by the insured officers and employees, and the ~~auditor~~ state treasurer shall
23 deduct the premiums from the salary or wages of each officer or employee who elects to become insured,
24 on the officer's or employee's written order, and issue a warrant for the premiums to the insurer.

25 (4) For the purpose of this section, the plans of health service corporations for defraying or
26 assuming the cost of professional services of licentiates in the field of health or the services of hospitals,
27 clinics, or sanitariums or both professional and hospital services must be construed as group insurance and
28 the dues payable under the plans must be construed as premiums for group insurance.

29 (5) If the board of trustees of a school district implements a self-insured group health plan or if the
30 board of regents implements an alternative to conventional insurance to provide group benefits to its

employees, the board shall maintain the alternative plan on an actuarially sound basis."

Section 4. Section 3-2-503, MCA, is amended to read:

"3-2-503. Accounts of marshal. All accounts of the marshal must be filed in the supreme court in a bill of items under oath certified by the chief justice and, when properly chargeable against the state and approved by the department of administration, must be paid out of the state treasury upon the warrant of the state ~~auditor~~ treasurer."

Section 5. Section 7-4-2502, MCA, is amended to read:

"7-4-2502. Payment of salaries of county officials and assistants. (1) Except as provided in subsection (2), the salaries of the county officers and their assistants may be paid monthly, twice monthly, or every 2 weeks out of the general fund of the county and upon the order of the board of county commissioners.

(2) (a) The salaries of the county attorney and deputy county attorneys authorized by 7-4-2703 are payable monthly, with the salary of the county attorney payable one-half from the general fund of the county and, if the county has supplied the information to the department of justice for inclusion in its budget, the other one-half from the state treasury upon the warrant of the state ~~auditor~~ treasurer. If the county has not supplied information concerning any scheduled or proposed increase in salary for the county attorney to the department of justice for inclusion in material submitted to the budget director under Title 17, chapter 7, part 1, the county is responsible for any increased salary.

(b) The county commissioners of each county shall, within 30 days after the election or appointment to fill a vacancy for any cause in the office of county attorney, certify the election or appointment to the department of justice. The department shall notify the state ~~auditor~~ treasurer of the salary of the county attorney. The ~~auditor~~ state treasurer shall draw warrants for the county attorney salaries in the same manner as for state officers. In case of a vacancy, the county commissioners shall immediately notify the department of justice, and the department shall compute the salary due on the basis of the notification.

(3) The board has jurisdiction and power, under ~~such~~ limitations and restrictions ~~as are~~ prescribed by law, to fix the compensation of all county officers not otherwise fixed by law and to provide for the payment of the compensation and may, for all or the remainder of each fiscal year, in conjunction with

1 setting salaries for other officers as provided in 7-4-2504(1), set their salaries at the prior fiscal year level."

2
3 **Section 6.** Section 17-1-101, MCA, is amended to read:

4 **"17-1-101. Definition of department.** Except in chapter 3, part 3, ~~and chapter 4, part 1,~~ and unless
5 the context requires otherwise, in this title, "department" means the department of administration provided
6 for in Title 2, chapter 15, part 10."

7
8 **Section 7.** Section 17-1-111, MCA, is amended to read:

9 **"17-1-111. General fiscal duties of state treasurer.** (1) The state treasurer ~~shall be~~ is the custodian
10 of all ~~moneys~~ money and securities of the state unless otherwise expressly provided by law.

11 (2) It is the duty of the state treasurer to:

12 (a) receive and account for all ~~moneys~~ money belonging to the state, not expressly required by law
13 to be received and kept by some other person;

14 (b) pay warrants out of the funds upon which they are drawn;

15 (c) upon payment of any warrant, take upon the back ~~thereof~~ of the warrant the receipt of the
16 person to whom it is paid;

17 (d) keep an account of all ~~moneys~~ money received and disbursed;

18 (e) at the request of either house of the legislature or of any legislative committee ~~thereof~~, give
19 information in writing as to the condition of the treasury or ~~upon~~ on any subject relating to the duties of
20 ~~his~~ the office of state treasurer;

21 (f) superintend the fiscal concerns of the state;

22 (g) suggest plans for the improvement and management of the public revenue;

23 (h) keep an account of all warrants drawn upon the treasury and of other appropriation records that
24 the treasurer determines to be essential for the support of the accounting records maintained in the
25 department;

26 (i) charge the outgoing state treasurer with the balance that was in the treasury when the outgoing
27 treasurer came into office and with all money received and credit the outgoing treasurer with all warrants
28 drawn on and paid;

29 (j) keep a register of warrants, showing the fund upon which each warrant is drawn, each
30 warrant's number, who received the warrant, and the date issued;

(k) require all persons who have received money belonging to the state but who have not accounted for it to settle their accounts;

(l) draw warrants on the state treasury for the payment of money directed by law to be paid out of the treasury, except that a warrant may not be drawn unless authorized by law;

(m) authenticate with the official seal of the state all warrants drawn and all copies of papers issued from the office of state treasurer;

(n) collect and pay into the state treasury all fees received; and

(o) discharge such other duties as may be imposed upon him the state treasurer by law."

Section 8. Section 17-1-122, MCA, is amended to read:

"17-1-122. Discretionary ~~duties~~ authority of state auditor ~~treasurer~~. ~~In his discretion it is the duty of the state auditor to~~ The state treasurer may:

(1) inspect the books of any persons charged with the receipt, safekeeping, or disbursement of public ~~moneys~~ money;

(2) require all persons who have received ~~moneys or securities~~ money or who have had the disposition or management of any property of the state of which an account is kept in ~~his office~~ the department to render statements ~~thereof to him the treasurer, and all such persons.~~ A statement must be rendered at such times and in such the form as he may require prescribed by the department.

(3) promulgate rules regarding the distribution and processing of warrants issued; and

(4) ~~establish, under the joint control of the department of administration and the state auditor, a~~ system of filing and storage of the original copy of claims paid by state warrant."

NEW SECTION. Section 9. Authority of state auditor concerning securities. The state auditor may require a person who has received securities of which the auditor keeps account to render to the auditor a statement concerning the securities. The statement must be made at the time and in the form prescribed by the auditor.

Section 10. Section 17-3-1004, MCA, is amended to read:

"17-3-1004. Disbursement of funds. (1) The money received by the state treasurer under the

provisions of 17-3-1003 ~~shall~~ may be paid out ~~by him~~ of the treasury only on a warrant issued by the ~~state~~ auditor treasurer in payment of claims for expenses actually incurred for the support and maintenance of the institution filing the ~~same~~ claims.

(2) In the payment of claims presented by a state institution entitled to interest and income from land grants or ~~moneys arising therefrom~~ money from a land grant, ~~no~~ a warrant ~~shall~~ may not be drawn against the appropriation made by the state out of the general fund for the maintenance of the institution filing the claim until interest and income ~~moneys~~ money, ~~insofar as they are~~ available for the payment of the items in the claim, ~~are~~ is exhausted."

Section 11. Section 17-4-101, MCA, is amended to read:

"17-4-101. Definitions. In this part, the following definitions apply:

(1) ~~The word "department"~~ "Department" means the department of ~~revenue~~ administration.

(2) ~~The term "state"~~ "State agency" includes all state offices, departments, divisions, boards, commissions, councils, committees, institutions, university units, and other entities or instrumentalities of state government."

Section 12. Section 17-4-102, MCA, is amended to read:

"17-4-102. Accounts of persons indebted to state. (1) ~~In his discretion it is the duty of the state auditor to~~ The department may:

(a) examine and settle the accounts of persons indebted to the state ~~and~~, certify the amount ~~to the treasurer and, upon presentation and filing of the treasurer's receipt therefor, to~~ owed, and give such the person a discharge and charge the treasurer therewith;

(b) require any person presenting an account for settlement to be sworn ~~before him~~ and to answer, orally or in writing, as to any facts relating to ~~it~~ the debt.

(2) The certificate mentioned in subsection (1)(a) must show by whom the payment is to be made, the amount ~~thereof~~ of the payment, and the fund into which ~~it~~ the payment is to be ~~paid and must~~ deposited. The certificates must be numbered in order, beginning with number 1 at the commencement of each fiscal year."

Section 13. Section 17-4-103, MCA, is amended to read:

5x

1 **"17-4-103. Collection of claims by ~~state auditor~~ department.** (1) ~~In his discretion, it is the duty of~~
2 ~~the state auditor to~~ The department may examine the collection of money due the state and institute suits
3 in its name for official delinquencies in relation to the assessment, collection, and payment of the revenue,
4 ~~and~~ against persons who possess public money or property and fail to pay over or deliver the money or
5 property, and against debtors of the state. The courts of the county where the seat of government ~~may~~
6 ~~be~~ is located have jurisdiction, without regard to the residence of the defendants, over the collection suits
7 authorized by this section.

8 (2) Whenever a person has money or other personal property that belongs to the state by escheat
9 or otherwise or has been entrusted with the collection, management, or disbursement of money, bonds,
10 or interest accruing from the money or bonds, belonging to or held in trust by the state, and fails to render
11 an account of the money or personal property to and make settlement with the ~~state auditor~~ department
12 within the time prescribed by law or, when ~~no~~ a particular time is not specified, fails to render an account
13 and make settlement or ~~who~~ fails to pay into the state treasury the money belonging to the state, upon
14 being required to do so by the ~~state auditor~~ department, within 20 days after the requisition, the state
15 auditor shall state an account with that person, charging 25% damages and interest at the rate of 10% a
16 year from the time of the failure. A copy of the account in a suit is prima facie evidence of the things stated
17 in the account, but when the ~~state auditor~~ department cannot for want of information state an account,
18 ~~he~~ the department may in an action brought by ~~him~~ the department aver that fact and allege generally the
19 amount of money or other property due or belonging to the state.

20 (3) The ~~state auditor~~ department may assist in the collection of a delinquent account owing to any
21 state agency and may separately charge the state agency that transferred the debt for the cost of
22 assistance. The ~~state auditor~~ department may designate the percentage of collected proceeds to be retained
23 for the cost of assistance.

24 (4) The ~~state auditor~~ department may provide a collection service for the general purpose of
25 centralizing the collection of all debts owing to the state."
26

27 **Section 14.** Section 17-4-104, MCA, is amended to read:

28 **"17-4-104. Circumstances when ~~state auditor~~ department ~~must~~ shall assist.** Subject to and in
29 accordance with rules adopted by the ~~state auditor~~ department, the ~~state auditor~~ department shall render
30 assistance in the collection of accounts owing to any state agency if all of the following procedures have

1 been completed to ~~his~~ the department's satisfaction:

2 (1) A state agency ~~must~~ shall make all reasonable efforts to collect money owed to it and ~~must~~
3 shall determine that the money and any interest or penalties ~~therefor~~ are uncollectible in accordance with
4 criteria for uncollectibility formulated by that agency.

5 (2) Once a state agency has determined that an account owed to it uncollectible, it shall certify
6 to the ~~state auditor~~ department the amount of the money, interest, and penalties, as accurately as can be
7 determined. The ~~state auditor~~ department may require ~~submission by~~ the agency ~~of~~ to submit all relevant
8 evidence and other information regarding the debt and may examine the records of any other state agency
9 ~~which that~~ that may be pertinent in determining the uncollectibility of the debt, unless examination is specifically
10 prohibited by law.

11 (3) If the ~~state auditor~~ department finds that the debt is uncollectible in accordance with the criteria
12 for uncollectibility of money due that state agency, ~~he~~ the department shall direct the agency to write off
13 the debt on its accounts and transfer the debt to ~~him~~ the department.

14 (4) Debts described in 17-4-105(4) need not be determined uncollectible for purposes of this
15 section."
16

17 **Section 15.** Section 17-4-105, MCA, is amended to read:

18 **"17-4-105. Authority to collect debt -- offsets.** (1) Once a debt of a state agency has been
19 transferred to the ~~state auditor~~ department, the ~~state auditor has the authority to~~ department may collect
20 it. The ~~state auditor~~ department may contract with commercial collection agencies for recovery of debts
21 owed the state.

22 (2) The ~~state auditor~~ department shall offset any amount due a state agency from a person or
23 entity against any amount, including refunds or taxes, owing the person or entity by any state agency,
24 ~~provided the state auditor~~ The department may not exercise this right of offset until the debtor has first
25 been notified by the ~~state auditor~~ department and been given an opportunity for a hearing. An offset may
26 not be made against any amount paid out as child support collected by the department of social and
27 rehabilitation services. The ~~state auditor~~ department shall deduct from the claim and draw warrants for the
28 amounts offset in favor of the respective state agencies to which due and for any balance in favor of the
29 claimant. Whenever insufficient to offset all amounts due state agencies, the amount available must be
30 applied first to debts owed by reason of the nonpayment of child support and then in the manner ~~as~~ that

the ~~state auditor~~ department, in the ~~state auditor's~~ its discretion, determines.

(3) (a) The department of revenue retains the power to offset tax refunds due individuals against taxes owed the state, provided that the department of revenue may not exercise this right of offset until the taxpayer has been notified by the department of revenue and been given the opportunity to request a review.

(b) Within 30 days following mailing of notification, the taxpayer may request a review of the asserted liability. If a review is requested, the department of revenue shall conduct an informal review conference, which is not subject to the contested case procedures of the Montana Administrative Procedure Act.

(c) Appeal from the decision of the department of revenue after the review conference may be taken to the state tax appeal board.

(d) A taxpayer is not entitled to a review conference for a tax offset if the tax liability has been the subject matter of any proceeding conducted for the purpose of determining its validity and any decision made as a result of that proceeding has become final.

(4) (a) A debt owed to the department of social and rehabilitation services or being collected by the department of social and rehabilitation services on behalf of any person or agency may be offset by the ~~state auditor~~ department of administration if the debt is being enforced or collected by the department of social and rehabilitation services under Title IV-D of the Social Security Act.

(b) The debt need not be determined to be uncollectible, as provided for in 17-4-104, before being transferred to the ~~state auditor~~ department for offset. The debt must have accrued through written contract, court judgment, or administrative order.

(c) Within 30 days following the notification provided for in subsection (2), the person owing a debt described in subsection (4)(a) may request a hearing. The person owing a debt is not entitled to a hearing if the amount of the debt has been the subject matter of any proceeding conducted for the purpose of determining the validity of the debt and any decision made as a result of that proceeding has become final. The hearing must be conducted by teleconferencing methods and is subject to the provisions of the Montana Administrative Procedure Act. The department of social and rehabilitation services shall adopt rules necessary to determine the hearing procedures.

(5) If, in the discretion of the ~~state auditor~~ department, the person or entity refuses or neglects to file a claim within a reasonable time, the head of the state agency owing the amount shall file the claim on

1 behalf of the person or entity; ~~if~~. If approved by the department ~~of administration~~, it ~~shall have~~ has the
2 same force and effect as though filed by the person or entity. The amount due any person or entity from
3 the state or any agency of the state is the net amount otherwise owing the person or entity after any
4 offset, as provided in this section."

5
6 **Section 16.** Section 17-4-106, MCA, is amended to read:

7 **"17-4-106. Agency owed debt to receive all money collected -- exception.** (1) All money collected
8 by the ~~state auditor~~ department on debts transferred to ~~him~~ the department by the various state agencies,
9 except funds collected under 17-4-103(3), must be deposited to the account or fund of the agency to
10 which the debt was originally owing.

11 (2) Funds collected under 17-4-103(3) must be deposited in an account in the internal service fund
12 for the cost of assistance of debt collection by the ~~state auditor~~ department. Funds deposited in excess of
13 the amount appropriated for operation of the debt collection program must be carried forward into the next
14 fiscal year for operation of the debt collection program. Any excess carried forward into the next fiscal year
15 ~~will~~ must be used to reduce the designated percentage of the collected proceeds charged to the various
16 state agencies. At the end of each biennium, any fund balance in excess of \$10,000 must be transferred
17 ~~back~~ to the general fund."

18
19 **Section 17.** Section 17-4-107, MCA, is amended to read:

20 **"17-4-107. ~~Write-off~~ Writeoff procedures.** (1) The ~~state auditor~~ department may establish
21 procedures for canceling and writing off accounts receivable carried on the books of the various state
22 agencies that have been transferred to the ~~state auditor's office~~ department pursuant to 17-4-104 and that
23 are uncollectible or the continued pursuance of the collection of accounts would cost the state more than
24 the amount collected. The procedures must be established in accordance with subsection (2).

25 (2) The department ~~of administration~~ may establish procedures for canceling and writing off
26 accounts receivable carried on the books of various state agencies ~~which~~ that are uncollectible or the
27 continued pursuance of the collection would cost the state more than the amount collected. The procedures
28 must include the reporting to the budget director of any canceling and writing off of accounts receivable."

29
30 **Section 18.** Section 17-4-108, MCA, is amended to read:

1 "17-4-108. Circumstances under which previously written-off debt may be collected. If a debt
2 previously written off under 17-4-107(1) subsequently becomes collectible, the ~~state auditor~~ department
3 shall proceed to collect the money due pursuant to 17-4-105(1) and 17-4-106."

4
5 **Section 19.** Section 17-6-212, MCA, is amended to read:

6 "17-6-212. **State purchase of general fund warrants.** (1) The state ~~hereby~~ reserves ~~to itself~~ a
7 preference right, prior to the right of any person, company, or corporation, to purchase state general fund
8 warrants issued with funds under the control of the board of investments and subject to investment.

9 (2) When the board of investments has under its control any funds subject to investment ~~which~~
10 that in its judgment it would be advantageous to have invested in state general fund warrants and there
11 are not sufficient funds in the state general fund to pay warrants issued against the fund at the time they
12 are issued and presented for payment, it shall authorize and direct the state treasurer to purchase state
13 general fund warrants, designating the fund or funds to be so invested and fixing the amount or amounts.
14 ~~It shall also give notice to the state auditor of the investment to be made by the treasurer, designating the~~
15 ~~fund or funds to be invested and the amounts.~~

16 (3) The ~~auditor~~ state treasurer shall attach to or stamp, write, or print upon each general fund
17 warrant ~~thereafter~~ after the funding shortfall issued, until warrants totaling the amounts ~~so~~ designated have
18 been issued, a notice that the state will exercise its preference right to purchase the warrant.

19 (4) The state treasurer shall, ~~thereafter~~ when the warrant is presented, ~~to him~~ pay it out of the
20 proper fund as designated by the board, and the warrant ~~so~~ purchased ~~shall~~ must be registered as other
21 state warrants and must bear interest as provided by law.

22 (5) When the designated amounts have been invested, the state treasurer shall notify the board
23 of investments, which shall ~~thereupon~~ issue orders upon the proper funds addressed to the state auditor
24 for warrants to be issued in favor of the treasurer."

25
26 **Section 20.** Section 17-8-211, MCA, is amended to read:

27 "17-8-211. **Notice required for assignment of claims against state.** (1) All transfers and
28 assignments made of any claim against the state, or any part ~~thereof~~ of or interest ~~thereon~~ on the claim,
29 except as ~~hereinafter~~ provided in this section, ~~shall be absolutely null and are~~ void and unenforceable
30 against the state unless the assignee ~~thereof~~ files written notice of the assignment on ~~such~~ forms as that

1 may be required by the ~~state auditor~~ department of administration, together with a true copy of the
2 instrument of assignment.

3 (2) The ~~state auditor~~ department may promulgate rules regarding the form of assignment, the
4 procedures for filing assignments, and the submission of claims covering assigned funds.

5 (3) Unless otherwise expressly permitted by the ~~state auditor~~ department, no more than one
6 assignment of a claim ~~shall be~~ is effective at one time, and ~~no~~ an assignment ~~shall~~ may not be made to
7 more than one party, except that an assignment may be made to one party as agent or trustee for two or
8 more parties. An assignment ~~shall~~ may not be subject to further assignment."

9
10 **Section 21.** Section 17-8-301, MCA, is amended to read:

11 **"17-8-301. State ~~moneys~~ money -- how expended by treasurer.** (1) Except as ~~herein~~ provided in
12 this section, ~~no moneys~~ money received by the state treasurer may not be paid out ~~by him~~ except upon
13 a state warrant issued by the ~~state auditor~~ treasurer or on electronic funds transfer authorized by the state
14 ~~auditor~~ treasurer. The state ~~auditor~~ treasurer may not issue ~~his~~ a warrant or authorize an electronic funds
15 transfer upon the state ~~treasurer~~ treasury except upon a claim ~~duly~~ approved by the department of
16 administration in accordance with the laws governing the expenditure of state ~~moneys~~; money. ~~however~~
17 However, interest and principal on the public debt may be paid by treasurer's check from the ~~moneys~~
18 money pledged for ~~such~~ payment, and the provisions of this section do not apply to warrants issued upon
19 contingent revolving accounts that are in the custody of the state treasurer.

20 (2) As used in 2-18-405 and this section, "electronic funds transfer" means any transfer of funds,
21 other than a transaction originated by check, draft, or similar paper instrument, that is initiated through an
22 electronic terminal, telephonic instrument, computer, or magnetic tape and that orders, instructs, or
23 authorizes the state ~~auditor~~ treasurer to debit or credit an account."

24
25 **Section 22.** Section 17-8-303, MCA, is amended to read:

26 **"17-8-303. Warrants -- presentation and cancellation.** (1) State warrants must be presented for
27 payment within the time limits specified as follows:

28 (a) Except as provided in subsection (1)(b), all warrants drawn by the state ~~auditor~~ treasurer ~~on~~
29 the state treasury ~~shall~~ must be presented for payment within 6 months after the date of the issue ~~thereof~~.

30 (b) Warrants issued for the department of social and rehabilitation services that are funded to any

1 extent with federal money ~~shall~~ must be presented for payment within 180 days after the date of issue.

2 (2) ~~Should~~ If the payee or legal holder of any warrant ~~fail~~ fails to present it for payment within the
3 time specified in subsection (1), the state ~~auditor~~ treasurer shall enter the ~~same~~ warrant as canceled on the
4 books of ~~his~~ the treasurer's office and the amount ~~shall~~ must be credited to a separate agency fund account
5 administered by the ~~state auditor~~ treasurer. ~~Should~~ If the payee or legal owner of any canceled warrant
6 ~~present~~ presents it for payment or ~~present~~ presents a claim for payment within 4 years from the date of
7 issue, the state ~~auditor~~ treasurer may, upon proper showing by affidavit, issue a new warrant in lieu ~~thereof~~
8 of the canceled warrant.

9 (3) Three years and 6 months after cancellation, the warrant ~~shall~~ must be classed as unclaimed
10 property subject to the provisions of Title 70, chapter 9, parts 1 through 3. ~~Should~~ If the payee or legal
11 owner of any canceled warrant ~~present~~ presents it for payment or ~~present~~ presents a claim for payment,
12 ~~such~~ the presentation ~~shall~~ must be to the department of revenue as provided in 70-9-310."

13
14 **Section 23.** Section 17-8-305, MCA, is amended to read:

15 "17-8-305. **Cost accounting for warrant.** In ~~his~~ the treasurer's discretion, it is the duty of the state
16 ~~auditor~~ treasurer to establish a cost accounting system to determine the unit cost of issuing and processing
17 warrants and provide for a system of charges for services rendered in issuing and processing warrants for
18 claims submitted by any department or agency of the state. ~~No such~~ A charge ~~shall~~ may not be made for
19 warrants issued against the general fund. Funds collected under this section for budgeted programs ~~shall~~
20 must be deposited to the credit of the general fund. Funds collected for new or unforeseen programs may
21 be deposited to the credit of a state special revenue fund account and expended for the purposes of paying
22 the processing expenses incurred as a result of the new program."

23
24 **Section 24.** Section 17-8-306, MCA, is amended to read:

25 "17-8-306. **Issuance of duplicate warrant.** (1) The state ~~auditor~~ treasurer may issue a duplicate
26 warrant whenever any warrant drawn by the state ~~auditor upon the treasurer of the state~~ is lost or
27 destroyed. This duplicate warrant must be in the same form as the original, except that it must have plainly
28 printed across its face the word "duplicate". A duplicate warrant may not be issued or delivered unless the
29 person entitled to receive it deposits with the state ~~auditor~~ treasurer a bond in double the amount for which
30 the duplicate warrant is issued indemnifying the state and its officers and employees from any loss resulting

1 from the issuance of the duplicate warrant.

2 (2) A bond of indemnity is not required when:

3 (a) the payee is the United States government, a state of the United States, any agency,
4 instrumentality, or officer of the United States government or of a state, county, city, city and county,
5 town, district, or other political subdivision of a state or any officer thereof;

6 (b) the owner or custodian is the state of Montana or any agency or officer of the state;

7 (c) the owner or custodian is a bank, savings and loan association, admitted insurer, or trust
8 company whose financial condition is regulated by the United States government or by the state of
9 Montana;

10 (d) the state ~~auditor~~ treasurer has chosen to waive the requirement upon receipt of evidence that
11 the original warrant has been lost or destroyed as a result of a disaster or other major occurrence;

12 (e) the amount of the lost or destroyed warrant is less than \$300;

13 (f) it can be established that a crime has been committed and that as a result a Montana warrant
14 has been stolen or destroyed;

15 (g) it can be established that a Montana warrant has been mailed to an incorrect payee;

16 (h) the payee is a vendor or contractor doing business with the state of Montana;

17 (i) the payee is a recipient of public assistance under Title 53;

18 (j) the payee is a recipient of a monthly annuity under Title 19;

19 (k) the payee is a recipient of student financial assistance administered or insured by the
20 guaranteed student loan program pursuant to Title 20, chapter 26; or

21 (l) a state agency approves the issuance of the duplicate warrant and agrees to assume the risk
22 of the original warrant being cashed.

23 (3) Whenever the owner or custodian applies under the provisions of subsection (2)(d), (2)(f),
24 (2)(g), (2)(h), (2)(i), (2)(j), (2)(k), or (2)(l), a stop-payment order must be placed on the original warrant by
25 the state ~~auditor~~ treasurer.

26 (4) Whenever the owner or custodian applies under the provisions of subsection (2)(c), (2)(d),
27 (2)(e), (2)(f), (2)(g), (2)(h), (2)(i), (2)(j), (2)(k), or (2)(l), the application must include an agreement to
28 indemnify the state and its officers and employees from any loss resulting from the issuance of a duplicate
29 warrant. Any loss incurred in connection with the issuance of a duplicate warrant must be charged against
30 the account from which the payment was derived."

1 **Section 25.** Section 17-8-307, MCA, is amended to read:

2 **"17-8-307. Board's power to prevent payment of ~~auditor's~~ treasurer's warrants.** Whenever the
3 board of examiners has reason to believe that the state ~~auditor~~ treasurer has drawn or is about to draw his
4 a warrant without authority of law or for a larger amount than the state actually owes, the board ~~must~~ shall
5 notify the ~~state~~ treasurer not to pay the warrant ~~so~~ drawn or to be drawn; ~~and thereupon the~~ The state
6 treasurer is prohibited from paying the warrant, whether already drawn or not, until ~~he is~~ otherwise directed
7 by the legislature or the board."

8
9 **Section 26.** Section 23-7-312, MCA, is amended to read:

10 **"23-7-312. Lien on lottery winnings for debt collected by IV-D agency -- notice to agency --**
11 **payment to agency -- procedure.** (1) For purposes of this section, "IV-D agency" means the state child
12 support enforcement agency created pursuant to Title IV-D of the Social Security Act and providing services
13 under Title 40, chapter 5.

14 (2) The IV-D agency shall periodically certify to the state lottery the names and social security
15 numbers of persons owing a debt to or collected by the IV-D agency.

16 (3) Prior to the payment of lottery winnings in excess of \$600, the state lottery shall check the
17 name of the winner against the list of names and social security numbers of persons owing a debt to or
18 collected by the IV-D agency.

19 (4) (a) If the winner is on the list of persons owing a debt to or collected by the IV-D agency, the
20 state lottery shall make a good faith attempt to notify the IV-D agency and the agency then has a lien
21 against the winnings in the amount of the debt owed to or collected by the IV-D agency. The state lottery
22 has no liability to the IV-D agency or the individual on whose behalf the IV-D agency is collecting the debt
23 if the state lottery fails to match a winner's name to a name on the list or is unable to notify the IV-D
24 agency of a match. The IV-D agency shall provide the state lottery with written notice of a support lien
25 promptly upon the state lottery's notification of a match.

26 (b) If the lottery winnings are to be paid through the state ~~auditor~~ treasurer, the lottery winner is
27 entitled to notice and opportunity for hearing under Title 17, chapter 4, part 1, prior to any offset of the
28 debt against the winnings.

29 (c) If the lottery winnings are to be paid directly by the state lottery, the amount of the debt owed
30 to or collected by the IV-D agency must be held by the lottery for a period of 30 days from the lottery's

64

1 confirmation of the amount of the debt to allow the IV-D agency to institute any necessary garnishment
2 or withholding proceedings. If a garnishment or withholding proceeding is not initiated within the 30-day
3 period, the lottery shall release the payment to the winner.

4 (d) The IV-D agency, in its discretion, may release or partially release the support lien upon written
5 notice to the state lottery.

6 (e) A support lien under this section is in addition to any other lien created by law."
7

8 **Section 27.** Section 32-1-537, MCA, is amended to read:

9 **"32-1-537. Disposition of unclaimed funds.** (1) The department shall certify to the state treasurer
10 a complete list of funds remaining with it that are uncalled for and that have been left with it in its official
11 capacity in trust for depositors in and creditors of a liquidated bank after they have been held by it for 6
12 months from the date of the final liquidation of the institution. Along with this certificate, the department
13 shall transmit to the state treasurer the funds, with accumulated interest on them, that it has held in trust
14 for 6 months. A copy of the certificate must also be filed with the state auditor, who shall make a record
15 of it.

16 (2) The state treasurer shall deposit the funds and interest in the general fund.

17 (3) A depositor or creditor of a liquidated bank who has not been paid the amount standing to the
18 person's credit as certified to the state treasurer may apply to the department for the amount due. The
19 depositor or creditor shall make an affidavit and offer proof of identity and of the amount due. When
20 satisfied as to the correctness of the claim and of the identity of the person, the department shall forward
21 it to the ~~auditor~~ state treasurer who shall audit the claim and, if found correct, certify the claim to the
22 department. If the department approves the claim, it shall pay the claim to the depositor or creditor. The
23 money deposited in the general fund pursuant to this section is statutorily appropriated, as provided in
24 17-7-502, to the department for the purpose of paying approved claims."
25

26 **Section 28.** Section 39-3-213, MCA, is amended to read:

27 **"39-3-213. Disposition of wages.** (1) The commissioner of labor and industry shall deposit wages
28 collected ~~by him~~ under parts 2 and 4 of this chapter into the agency fund and shall attempt to make
29 payment of wages to the entitled person. Wages deposited into the agency fund are not interest bearing.
30 The payment of wages collected may be made by means of state warrants.

(2) Warrants issued pursuant to subsection (1) ~~which that~~ remain unclaimed for more than 1 year from the date of issuance ~~shall~~ must be returned to the state ~~auditor~~ treasurer for cancellation in accordance with 17-8-303."

Section 29. Section 39-51-3207, MCA, is amended to read:

"39-51-3207. Authority to determine uncollectibility of debts -- transfer of debts for collection -- liability for payment of fees and costs of collection. (1) After making all reasonable efforts to collect unpaid contributions, assessments under 39-51-404(4), and penalties and interest ~~thereon~~, or overpaid benefits under 39-51-3206 and interest ~~thereon~~, the department may determine a debt to be uncollectible. Upon determining that a debt is uncollectible, the department may transfer the debt to the ~~state auditor~~ department of administration for collection as provided in 17-4-104.

(2) Subject to approval by the department, reasonable fees or costs of collection incurred by the ~~state auditor~~ department of administration may be added to the amount of the debt, including added fees or costs. The debtor is liable for repayment of the amount of the debt plus fees or costs added pursuant to this subsection. All money collected must be returned to the department to be applied to the debt, except that all fees or costs collected must be retained by the ~~state auditor~~ department of administration. If less than the full amount of the debt is collected, the state auditor shall retain only a proportionate share of the collection fees or costs."

Section 30. Section 44-2-314, MCA, is amended to read:

"44-2-314. Use of ~~moneys~~ money -- records. The state ~~auditor~~ treasurer is ~~hereby~~ authorized to draw warrants on this account upon request of the attorney general when ~~such moneys are~~ money is needed to pay any of the costs of keeping the system operative. A strict accounting ~~shall~~ must be kept of all receipts and disbursements and ~~shall~~ must be available as a matter of record to members of the appropriations committee of the house of representatives as they may require in the performance of their duties."

Section 31. Section 53-18-102, MCA, is amended to read:

"53-18-102. Creation of self-sufficiency trust account. (1) There is created a self-sufficiency trust account in the state treasury. The state treasurer shall deposit to the credit of the trust account money

1 received from a self-sufficiency trust for that purpose. The state ~~auditor~~ treasurer shall direct payments
2 from the trust account upon claims certified by the director of the department.

3 (2) The assets of the trust account must be preserved, invested, and expended in the manner and
4 for the purposes provided in 53-18-103. At the end of each fiscal year, the unexpended account balance
5 must carry forward to the next fiscal year and may not revert to the state general fund."

6
7 **Section 32.** Section 85-8-612, MCA, is amended to read:

8 **"85-8-612. Lien of assessments -- payment of assessments against state lands.** (1) From the time
9 of the entry of said order, assessments for construction of new work and additional assessments and
10 interest thereon shall be a lien upon the lands assessed, until paid. Any owner of land or any corporation
11 assessed for construction may, at any time within 30 days after the confirmation of said report, pay into
12 court the amount of the assessment against his land or any tract thereof or against any such corporation.
13 Said payment shall relieve said lands from the lien of said assessment and said corporation from all liability
14 on said assessment.

15 (2) Upon presentation to the state ~~auditor~~ treasurer of an order of the district court having
16 jurisdiction of ~~such the~~ drainage district, properly certified, the ~~auditor~~ department of administration shall
17 draw ~~his a~~ warrant on the ~~treasurer~~ treasury on the common school fund in favor of the commissioners of
18 ~~such the~~ drainage district for the total amount that may be assessed against any lands included in ~~such the~~
19 district, the title to which is in the state of Montana, ~~and upon~~ . Upon the payment of ~~such the~~ warrant,
20 ~~such the~~ lands ~~shall thereby be~~ are relieved from the lien ~~theretofore~~ created for ~~such the~~ costs of
21 construction."

22
23 **Section 33.** Section 87-1-206, MCA, is amended to read:

24 **"87-1-206. Bounty claims for wild animals.** (1) The department of fish, wildlife, and parks shall pay
25 bounty claims for wild animals which have been filed with and approved by the board of livestock. The
26 department shall pay out of the state fish and game funds, other than those funds derived from license fees
27 paid by hunters and fishermen, bounties on predatory wild animals as the bounty claims are presented, not
28 exceeding \$7,500 per calendar year.

29 (2) The board of livestock shall, after approving the bounty claim, deliver the claim to the
30 department of fish, wildlife, and parks for rejection or approval. If the claim or certificate is rejected, it shall

1 be returned by the department to the board of livestock. If approved, it shall be delivered to the department
2 of administration for allowance or disallowance. Nothing in this section takes from the department of fish,
3 wildlife, and parks the exclusive power to administer the fish and game moneys at its discretion.

4 (3) If the department of administration allows the claim, ~~it must send it to the auditor. The auditor~~
5 ~~must~~ the department shall draw ~~his~~ a warrant on the state fish and game ~~moneys~~ money in the state special
6 revenue fund for the amount approved in favor of the claimant, in the order in which the claim is approved."

7
8 **Section 34.** Section 87-1-603, MCA, is amended to read:

9 **"87-1-603. Payments to counties for department-owned land -- exceptions.** Before November 30
10 of each year, the treasurer of each county in which the department owns any land shall describe the land,
11 state the number of acres in each parcel, and request the drawing of a warrant to the county in a sum equal
12 to the amount of taxes which would be payable on county assessment of the property were it taxable to
13 a private citizen. The director shall approve or disapprove the request. The director may disapprove a
14 request only if ~~he~~ the director finds it to be inconsistent with this section. If the director disapproves a
15 request, ~~he~~ the director shall return it with an explanation detailing the reasons for the disapproval to the
16 appropriate county treasurer for correction. If the director approves a request, ~~he~~ the director shall transmit
17 it to the ~~state auditor~~ department of administration, ~~who~~ which shall draw a warrant payable to the county
18 in the amount shown on the request and shall send the warrant to the county treasurer. The warrant is
19 payable out of any funds to the credit of the department of fish, wildlife, and parks. ~~No~~ A payment may
20 not be made to a county in which the department owns less than 100 acres. ~~No~~ A payment may not
21 be made to a county for lands owned by the department for game or bird farms or for fish hatchery purposes
22 or lands acquired and managed for the purposes of Title 23, chapter 1."

23
24 **NEW SECTION. Section 35. Repealer.** Section 17-1-121, MCA, is repealed.

25
26 **NEW SECTION. Section 36. Codification instruction.** [Section 5] is intended to be codified as an
27 integral part of Title 17, chapter 1, part 1, and the provisions of Title 17, chapter 1, part 1, apply to
28 [section 5].

29
30 **NEW SECTION. Section 37. Effective date.** [This act] is effective July 1, 1995.

-END-

MINUTES

**MONTANA SENATE
54th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON STATE ADMINISTRATION

Call to Order: By **CHAIRMAN ETHEL HARDING**, on March 10, 1995,
at 10:00 AM

ROLL CALL

Members Present:

Sen. Ethel M. Harding, Chairman (R)
Sen. Kenneth "Ken" Mesaros, Vice Chairman (R)
Sen. Mike Foster (R)
Sen. Don Hargrove (R)
Sen. Vivian M. Brooke (D)
Sen. Bob Pipinich (D)
Sen. Jeff Weldon (D)

Members Excused: Sen. Mack Cole (R)

Members Absent: N/a

Staff Present: David Niss, Legislative Council
Gail Moser, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: HB 327, HB 423, HB 563
Executive Action: N/A

{Tape: 1; Side: a; Approx. Counter: 65.7}

HEARING ON HB 327

A black notebook with information on the National Voter
Registration Act was given to each member of the Committee
(**EXHIBIT 1**).

A letter from the County of Gallatin regarding the impact of the
NVRA was distributed to each member (**EXHIBIT 2**).

Portions of a document regarding Election Administration Reports
was distributed which highlighted information from other states
regarding the impact of NVRA (**EXHIBIT 3**).

Questions From Committee Members and Responses:

SEN. WELDON commented that the constitutionality of this approach has been tested in New Hampshire, and he asked Representative Harper if it also meets the U.S. Supreme Court test of the Buckley v. Vallejo case. REP. HARPER said he did not know.

SEN. WELDON asked if the penalties prescribed in new section 3 are similar to the New Hampshire penalties. REP. HARPER said yes they are.

SEN. WELDON asked if the expenditure limits in section 2 were modeled after the last election cycle in Montana. REP. HARPER said yes they were.

SEN. WELDON if the reference to "election cycle" included the primary and general and if the limitations applied even in a contested primary or a contested general. REP. HARPER said that may be a factor in the decision to subscribe to the voluntary limitation because there will be a 30-day period after filing to make adjustments if you find that someone has filed to run against you.

VICE CHAIRMAN MESAROS closed the Hearing on HB 423.

HEARING ON HB 563Opening Statement by Sponsor:

REP. PAUL SLITER, House District 76, Kalispell, said that HB 563 continues a process that was begun in the 1993 session to centralize the management and control of the state's major financial systems. It creates short-term cost savings along with increased efficiencies due to greater integration and coordination of system operations. He said the warrant writing system and the state budgeting/accounting system are two highly integrated mainframe systems which are operated by the State Auditor's office and the Department of Administration. He described the various duties carried out in the warrant writing system and the bad debt management function operated under the fiscal control management division in the State Auditor's office. He said it is not an integral part of the function of the State Auditor and could be better prioritized under the Department of Administration.

Proponents' Testimony: None.

Opponents' Testimony:

Mark O'Keefe, State Auditor, said when he was elected State Auditor, one of his duties was to superintend the fiscal duties of the state and to keep an account of all warrants the state issues. **Mr. O'Keefe** handed out information (**EXHIBIT 13**) regarding the costs involved HB 563. He said the costs involved with rewriting the computer software of about \$150,000, are not shown in the fiscal note for HB 563. He addressed some of the items on Exhibit 13 concerning the various costs involved. He said he is concerned about the fact there are two sets fiscal information regarding HB 563. They agree that there is some computer work needed and that work is on-going. If the economics are in favor of the State Auditor's office, the only conclusion he can reach is that the issue is "politics." He noted there were no proponents for HB 563.

REP. BOB PAVLOVICH, House District 37, Butte, said he opposes HB 563 as the current process runs well.

George Harper, citizen, handed out written testimony which he essentially read verbatim (**EXHIBIT 14**).

{Tape: 2; Side: A; Approx. Counter: 31.1}

Questions From Committee Members and Responses:

SEN. WELDON asked Representative Sliter, based on information that Mark O'Keefe provided, to clarify that centralizing this function at the Department of Administration will cost the state \$110,000 in the end rather than his previously stated figure of \$42,000. **REP. SLITER** said if that information were substantiated, he believed it would be reflected in the fiscal note.

SEN. WELDON asked Mark O'Keefe about the cost of warrants that have been printed that would have to be destroyed. **Tom Crosser, Deputy for Fiscal Control and Management**, responded that he believes the fiscal note does indicate that cost. He clarified that approximately 400,000 warrants with the State Auditor's seal would be wasted.

SEN. WELDON asked how long that number of warrants would last beyond January. **Mr. Crosser** said they issue about 120,000 warrants per month.

SEN. HARGROVE asked Connie Griffith if the amount of money required for the software upgrade is necessary and would that money not be spent if the function were kept at the Auditor's office. He also asked how the Department of Administration would be able to reduce the FTE when the workload would be the same.

Connie Griffith, Administrator for the Accounting and Management Support Division, Department of Administration, said the amount of \$150,000 was not included in the fiscal note as it is not a cost that would be associated with moving the warrant writing system to the Department of Association. Included in the costs are the costs of moving the bad debt system as it is and getting it functioning on their network, and that programming work would be contracted. She said that in the future, all of the systems will be reviewed and necessary enhancements will be identified. **Ms. Griffith** said the reduction of the FTE will be accomplished by having various people in the Department of Administration who will absorb various additional duties.

SEN. BROOKE asked Representative Sliter if he had done any investigation in areas addressed by George Harper regarding ConCon. **REP. SLITER** said that technology has significantly advanced since 1972, and the state's systems can be better integrated now, and he doesn't believe that is something the ConCon could have considered.

SEN. BROOKE said she believed the intent was to keep the two functions separate, and she views this as a violation of that intent even taking into account advanced technology. **REP. SLITER** said since he didn't research that area specifically, he could only speculate that one issue would be a check and balance in the system, and he believes that the technology of the computer system would eliminate the need for that type of balance of power.

SEN. BROOKE asked for clarification on Representative Sliter's comment that "the computer system will do the checks and balances." **REP. SLITER** said the warrant writing system is dependent upon the system at the Department of Administration.

SEN. BROOKE asked Mark O'Keefe to respond to the same question. **Mr. O'Keefe** agreed to a certain extent with Representative Sliter regarding some of the checks and balances being within the system, but said what is not there is a check if a discrepancy exists between people in the Department of Administration and the Auditor's office. He said there are clear lines of responsibility, and two independent elected officials are responsible and agreement must be reached at that level.

SEN. MESAROS asked if Connie Griffith would respond to the same question. **Connie Griffith** said this basically comes down to being an accounting/auditing process, and everyday the warrant writer system is reconciled with the state budgeting and accounting system. She said there is generally no involvement from people on a higher level than the staff people. The conflict of interest question has been raised, but this change would be a normal accounting function performed by separate people but within the same area.

SEN. MESAROS asked Dave Lewis, Budget Director, for clarification on the conflicting information presented regarding the fiscal note for HB 563. **Dave Lewis** said there was much discussion between the Department of Administration and his office. They believe there will be a true net savings. The impact on the system development will need to be incurred wherever it is, so he believes it is appropriate to leave that off the fiscal note.

SEN. WELDON asked Representative Sliter if he would consider a delayed effective date that would correspond to the exhaustion of the existing warrant forms. **REP. SLITER** said he believed the integration would need to be done on July 1, to meet with the beginning of the fiscal year.

CHAIRMAN HARDING asked Connie Griffith what would be gained by moving the warrant writing and bad debt functions to the Department of Administration. **Connie Griffith** said there would be a cost savings and centralization of the management and operation of the systems. She said it would provide better coordination which would allow priorities to be established for the systems on a statewide basis.

Closing by Sponsor:

REP. SLITER believes that the advancements in technology will easily provide for the move of the warrant writing and bad debt management functions to the Department of Administration.

CHAIRMAN HARDING closed the Hearing on HB 563.

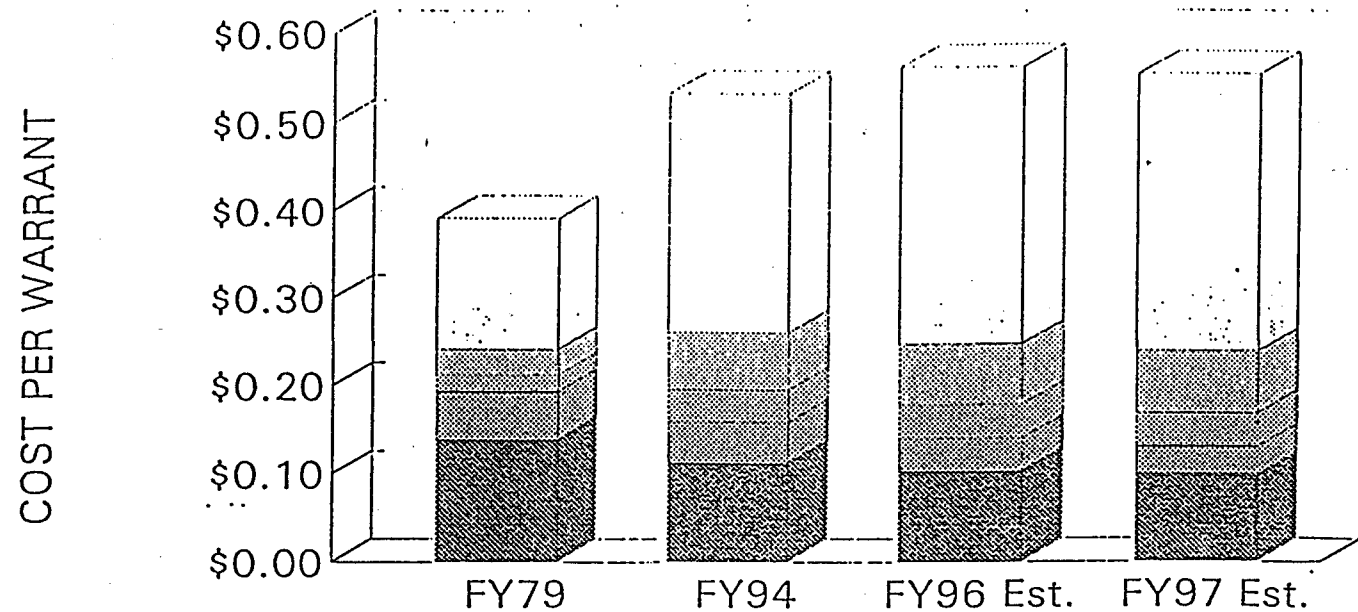
STATE ADMINISTRATION COMMITTEE

DATE _____

Fr. 03-10-95

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CS-09

MAILER WARRANT COST BREAKDOWN
COST COMPARISON FY79 TO FY97

■ PERS SERV ■ DP COSTS ■ PAPER ■ FIXED COST □ POSTAGE

PER WARRANT COST FACTORS						
	PERSONAL SERVICES	DP COST	PAPER	FIXED COST	POSTAGE	TOTAL
FY79	\$0.1397	\$0.0538	\$0.0184	\$0.0290	\$0.1500	\$0.3909
FY94	\$0.1134	\$0.0464	\$0.0360	\$0.0645	\$0.2728	\$0.5331
FY96 Est.	\$0.1040	\$0.0368	\$0.0380	\$0.0683	\$0.3160	\$0.5631
FY97 Est.	\$0.0986	\$0.0324	\$0.0380	\$0.0694	\$0.3160	\$0.5544

- Since 1979, personal service costs have dropped 29.5% on each mailer warrant issued.
- Data processing costs have declined 39.8% on each warrant issued.
- Paper warrant costs have climbed 100.6% per warrant during the same timeframe.
- Fixed cost such as rent, audits and state cost allocations were not paid for in 1979. These cost have increased 139.3%.
- Postage, the most expensive component of processing these warrants, has increased 110.7%

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0153, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act consolidating the payroll/personnel/position control system within the Department of Administration by transferring the payroll, warrant writing, and bad debt administration functions of the State Auditor to the Department of Administration.

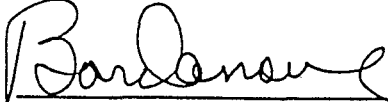
ASSUMPTIONS:

1. Payroll, warrant writing and bad debt administration would initially operate similar to the way that currently exists in the Auditor's Office for budgeting purposes.
2. Exempt positions transferred to Administration will be classified to reflect their current salary.
3. The cost allocation method developed for payroll and warrant writing budgets by the State Auditor will be adopted by the Department of Administration.
4. ISD will use the same rate structure currently used for data processing charges for the respective programs.
5. Signature plates will be replaced at the time of the transfer; costs are minor and can be absorbed within current levels. The current inventories of warrant stock and associated titled forms are minimal and therefore replacement would represent no significant increase in costs over current level.
6. Warrant writing and bad debt administration will be moved from their current location within the State Auditor's Office. The cost of moving warrant writing and bad debt administration is estimated at \$175 per FTE.
7. The fiscal impact reflected below is relative to the executive budget recommendations.

FISCAL IMPACT:

No net fiscal impact related to transfer of the state payroll program. Minor one-time costs associated with transfer of the fiscal control and management program of \$2,392, funded from warrant writing charges (state special revenue). Details continued on page 2.

82
 1-19-93
DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

 1/19/93
FRANCIS BARDANOUE, PRIMARY SPONSOR DATE

Fiscal Note for HB0153, as introduced

6101 00 00000

Executive Budget New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Personal Services Reductions	(2.36)	(\$55,609)	(\$64,132)	(2.36)	(\$55,862)	(\$64,413)
2 Personal Services Reductions	(0.46)	0	(26,062)	(0.46)	0	(26,254)
3 Print Shop Consolidation	1.00	0	54,942	1.00	0	55,054
4 Personal Services Reductions	(2.17)	(4,470)	(82,363)	(2.17)	(4,487)	(86,690)
5 Capitol/MDT Complex Rewire	0.00	0	224,000	0.00	0	224,000
6 SummitNet Expansion	2.00	0	1,510,603	2.00	0	1,185,843
7 Public Safety Radio System	0.00	0	200,000	0.00	0	0
8 Capitol Building Rewire	0.00	0	200,000	0.00	0	200,000
9 Enterprise Software	2.00	0	70,708	2.00	0	70,959
10 Interactive Video Multi-Point	1.00	0	69,025	1.00	0	69,111
11 Personal Services Reductions	(1.00)	0	(229,879)	(1.00)	0	(231,742)
12 Capitol Complex Major Maintenance	0.00	0	241,000	0.00	0	241,000
13 Personal Services Reductions	0.00	0	(33,961)	0.00	0	(34,553)
14 Hearing Devices & Interpreter	0.00	18,250	58,250	0.00	10,000	50,000
15 PPP System Modification	0.00	0	150,000	0.00	0	0
16 FSA Self Administration	1.00	0	41,264	1.00	0	43,541
17 Personal Services Reductions	(0.50)	(33,106)	(63,252)	(0.50)	(33,533)	(63,679)
18 Per Serv Contingency	0.00	550,000	2,000,000	0.00	550,000	2,000,000
19 Personal Services Reductions	(0.43)	0	(22,470)	(0.43)	0	(22,658)
20 Personal Services Reductions	0.00	(7,212)	(7,212)	0.00	(7,175)	(7,175)
Totals	0.08	\$467,853	\$4,290,461	0.08	\$458,943	\$3,602,344

Table 1 shows, by program and agency, the internal service accounts that were found to have both excess and negative excess fund balances during the recent federal review.

There were primarily three reasons for the excess collections:

1) The first is related to equipment purchases. The fund balances for equipment-intensive programs contain large amounts of undepreciated equipment, making it appear that program revenues exceed expenditures in most years. Federal regulations do not allow internal service accounts to show a profit or exceed a 60 day working cash balance. In the years in the review period when revenues exceeded expenditures, HHS considered the "profit" excess fund balance.

2) The second is because three internal service accounts transferred excess fund balance to the general fund, which was further indication of excess collections to federal representatives. The Information Services Division transferred \$100,000 and the Publications and Graphics Bureau transferred \$92,000 to the general fund in fiscal 1992 as a result of January 1992 Special Session action; and the Motor Pool transferred \$218,000 to the general fund in fiscal 1993, as a result of July 1992 Special Session action.

3) Finally, interest was earned on the excess fund balances from the time they began accumulating, and federal representatives required that a proportionate share of the interest earnings be reimbursed. Statute states that, unless otherwise specified, interest earnings on fund balances in state accounts must be deposited

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0563, as introducedDESCRIPTION OF PROPOSED LEGISLATION:

An act transferring the warrant writing and bad debt (WWBD) management functions of the State Auditor to the director of the Department of Administration (DOA).

ASSUMPTIONS:

1. The WWBD functions would operate as two separate functions in the Accounting and Management Support Division of the DOA.
2. Thirteen of the current 14 FTEs performing WWBD functions in the State Auditor's office (SAO) will be transferred to DOA. The fiscal manager position will be eliminated on June 30, 1995, with the duties being absorbed by existing managerial staff in the DOA. Termination costs of \$5,300 will be paid by the DOA and are netted against the personal services reduction.
3. Initial operating costs to the DOA in FY96 as a result of the transfer are: signature plates and current warrant stock - \$10,500; disaster recovery warrant stock - \$10,000; remodeling and moving costs - \$8,000; D.P. transfer costs - \$6,000; other - \$1,500.
4. The WWBD function is being switched to a proprietary fund beginning in FY96. This will allow agencies that use the system to pay their share. The DOA will adopt the proprietary account and the rates established by the SAO.

FISCAL IMPACT:Expenditures:

	<u>FY96</u>	<u>FY97</u>
	<u>Difference</u>	<u>Difference</u>
DOA:		
FTE	(1.00)	(1.00)
Personal services	(36,400)	(41,700)
Operating expense	<u>36,000</u>	<u>0</u>
Total	(400)	(41,700)

Funding:

Proprietary (06)	(400)	(41,700)
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LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

It is the opinion of the DOA that long-range efficiencies are possible due to placing the warrant writing system in the same department as the central computer (ISD) and accounting (SBAS) systems.

Dave Lewis 2-16-95
 DAVE LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

Paul Sliter 2-16-95
 PAUL SLITER, PRIMARY SPONSOR DATE

Fiscal Note for HB0563, as introduced

Dept. of Administration worksheet - sent to Budget Office Feb 1995

WARRANT WRITER/BAD DEBT TRANSFER

EXHIBIT 13

DATE 3-10-95

HB 563

1. General Assumptions

- ▶The Warrant Writer and Bad Debt functions would operate as two separate sections within the Accounting and Management Support Division in the Department of Administration; each section currently has a supervisor in the State Auditor's Office.
- ▶The 14 FTE performing the current duties associated with these functions will be transferred initially.
- ▶Reorganization within the new department and consolidation of duties would enable the Department of Administration to absorb the duties assigned to the fiscal manager and eliminate the 1 FTE after an initial short-term (less than three months) transition period.
- ▶Positions transferred to Administration will be factored to determine their proper job classification and salary will be adjusted per State Personnel Policies as adopted by the Department of Administration.
- ▶The Warrant Writer/Bad Debt functions in DofA would be funded as proposed in HB 2 at the level proposed by the State Auditor's Office adjusted for proposed reductions; appropriation authority would be transferred from the State Auditor's Office to Dof A.
- ▶The rates developed by the State Auditor's Offices for these services will be adopted by the Department of Administration.
- ▶Signature plates, warrant stock, and associated titled forms will be replaced at the time of the transfer.
- ▶The Accounting and Management Support Division will incur certain one-time remodeling costs to accomodate the addition of personnel and provide appropriate office space; the State Auditor's Office will switch fiscal with securities.
- ▶The transfer of these functions to DofA is effective July 1, 1995.
- ▶All PC's will use Microsoft Windows and each individual will be placed on ZipOffice.
- ▶In the future the LAN Debt System will need to be reengineered at an estimated cost of \$150,000 (minimum).

2. Fiscal Impact

	<u>1996</u>	<u>1997</u>
Eliminate Fiscal Manager Position	\$(31,300)	\$(41,729)
One-Time Costs Associated w/Transfer:		
Termination Pay - Fisc. Mgr.	5,300	
Signature Plate Change	500	
Replace Warrant Stock	10,000	
Remodeling Costs	4,200	
Moving Costs - State Auditor	3,850	
Software/Printer	1,095	
ISD Transfer Costs	1,000	
LAN Debt Sys. Transfer Costs	5,000	
Net Cost (Savings)	<u>\$(250)</u>	<u>\$(41,729)</u>

DEPARTMENT OF ADMINISTRATION
DIRECTOR'S OFFICE



MARC RACICOT, GOVERNOR

MITCHELL BUILDING

STATE OF MONTANA

(406) 444-2032
FAX: 444-2812

PO BOX 20
HELENA, MONTANA 59620

February 17, 1995

Representative Ed Grady, Chairman
General Government Subcommittee
State Capitol
Helena, MT 59620

Dear Representative Grady:

As you know, there continues to be interest in privatizing the state's mainframe data center managed by the Information Services Division. We believe that the work being performed here is strategically vital to daily operations of state government. As you are aware, the heart of the state's financial systems and most agency systems reside on the mainframe.

However, given this continuing interest and new information that indicates, unofficially, that at least one private firm currently doing business in Montana would seriously entertain locating a data center in Montana (Helena), we are proposing to move forward during the interim with a review of the possibilities. We intend to use the following basic procedures and principles as we review this potential for privatization:

- The Department of Administration will assess, with the assistance and advice of the Information Technology Advisory Council (ITAC), the feasibility of privatizing within Montana the operation of the Department's existing data center.
- If feasible in ITAC's opinion, the Department will issue a formal request for proposals (RFP) for a cost-effective means to privatize within Montana its existing data center.
- If it is in the best interest of the state, the Department will issue contracts to privatize its existing data center within Montana.

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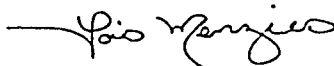
Representative Ed Grady
February 17, 1995
Page 2

- o In this effort, the Department will comply with the procedures set forth in §2-8-302 and §2-8-303, MCA, regarding privatization plans and require any contracts to mitigate, to the maximum extent possible, any impact on the Department's existing employees.
- o It is the Department's intention that:
 - (1) contracts for privatizing its existing data center within Montana would only be entered into if cost savings for the state is achieved through these contracts;
 - (2) the strategic nature of the work performed by the data center be given special consideration in the evaluation process to ensure that the operations of state government are not negatively affected and that future requirements can be met cost effectively; and
 - (3) special consideration in the evaluation process be given to Department employees to ensure that they are given an opportunity for equivalent new employment, either with the state or with the private sector, as a result of any privatization.

We believe that the state is only compelled to privatize this integral component of its day-to-day operations if the objectives and intentions stated above are clearly met through a private arrangement.

If you have any questions about our plan, please call me at 444-2032 or Tony Herbert at 444-4111. We will keep you posted on our progress.

Sincerely,



LOIS MENZIES
Director

cc: Governor Marc Racicot
Tony Herbert

Testimony - HB 563
Senate State Administration Committee

My name is George Harper. I am here as a private citizen and a member of the 1972 Constitutional Convention. The issue before you in HB 563 was debated at length in the Constitutional Convention.

Republicans led the charge for putting specific duties for the State Auditor in the Constitution. Jim Felt from Billings and Betty Babcock from Helena were especially keen on making sure that the issuing of warrants stayed in the State Auditor's office rather than being transferred to the newly created Department of Administration.

A Republican rancher from Hysham, Archie Wilson, put forward the strongest argument for keeping and even increasing the duties of the State Auditor. He said, "...we have provided for the duties of the Auditor so that its office may be strengthened and our citizens may be assured that there will always be a completely independent elected Auditor, free of political pressure and responsible to the electorate to protect their fiscal affairs. The creation of a gubernatorial-appointed department head as a complete repository of all the state fiscal and audit functions is an overcentralization of power and an open invitation to corruption...Obviously, any system of control which vests total control in one person or department is not a good system of control and, in fact, would invite misuse." (pp.924-5, MT ConCon verbatim transcripts)

In the end we decided not to put specific language about the State Auditor's duties in the constitution, because we wanted it to be as brief and flexible as possible, to meet future conditions which we couldn't necessarily predict. Jim Garlington, a Republican attorney from Missoula led the fight to keep the specific duties of the State Auditor out of the constitution, but he was in complete agreement about the separation of the functions. He argued against one proposed amendment which would have transferred the records in the Department of Administration to the State Auditor, by saying, "...this violates one of the basic rules that the disbursing officer should not also be the custodian of all the financial records." (p.1000)

In other words, it seemed like such a common sense axiom that you separate the different functions which go into authorizing checks and keeping the records, paying out those checks, and auditing the transactions. We couldn't believe that any legislature would combine those functions -- that just wouldn't make sense.

The intent of the ConCon is very clear. The majority didn't accept Betty Babcock's proposal to put the issuing of warrants into the Constitution, because we believed that elected representatives of the people would have the good sense not to combine all the financial functions. I hope you will justify our faith in the wisdom of the legislature.

84 George Harper
38 Cloverview, Helena, Mt.

DATE MARCH 10 1995

SENATE COMMITTEE ON STATE ADMINISTRATION

BILLS BEING HEARD TODAY: HB327 / HB423 / HB563

< ■ > PLEASE PRINT < ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
George Harper	Self	563		X
Duane Winslow	Yellowstone Co	327		X
Robert Throssell	MT Assoc CL & Rec	327		X
JOAN BISHOP	MT. LEAGUE OF WOMEN VOTERS	327	X	
JoAnn L. Johnson	MT ASSOC. CLK & Rec	327		X
Nancy Maxson	MT League of Women Voters	327	X	
Aileen Simpson	M.T. LWV	327	X	
Marlynn Stanneken	MT League of Women Voters	327	X	
Mary Ann Nielsen	Mt. LWV	327	X	
Dick Baumberger	Citizen - Veteran	563		X
SHIRLEY ADKINS				
JOAN Knapp	LWM-1		X	
Jean Robbins	LWV			
Edna Mae Leonard	LWV	327	X	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

DATE _____

SENATE COMMITTEE ON _____

BILLS BEING HEARD TODAY: _____

< ■ > PLEASE PRINT < ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
Barbara H. Seekins	MTLWV	327	X	
Robin Humphrey	MTLWV			
Mark O'Rourke	State Auditor	563		X
Glenn Scott	LWVRC	327	X	
J.V. Bennett	Mont PIRG	327 423	X X	
Carmen Christianson	LWV	327	X	
Deborah Smith	Common Cause	423	X	
Sue Hackerfield	SNACK	327		X
Mike Cooke	SOS		X	
Theresa McCoy	LWV	327	X	
Eleanor Furber	LWV	327	X	
CR PEARSON	LWV	327	X	
Mike Cooney	SOS	HB 327	X	
Angela Jutz	SOS	HB 327	X	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

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MINUTES

**MONTANA SENATE
54th LEGISLATURE - REGULAR SESSION
COMMITTEE ON STATE ADMINISTRATION**

Call to Order: By **CHAIRMAN ETHEL HARDING**, on March 17, 1995, at 10:30 AM

ROLL CALL

Members Present:

Sen. Ethel M. Harding, Chairman (R)
Sen. Kenneth "Ken" Mesaros, Vice Chairman (R)
Sen. Mack Cole (R)
Sen. Mike Foster (R)
Sen. Don Hargrove (R)
Sen. Vivian M. Brooke (D)
Sen. Bob Pipinich (D)
Sen. Jeff Weldon (D)

Members Excused: N/A

Members Absent: N/A

Staff Present: David Niss, Legislative Council
Gail Moser, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: HB 304
Executive Action: HB 563 BE CONCURRED IN AS AMENDED

{Tape: 1; Side: A; Approx. Counter: 62.4}

HEARING ON HB 304

Opening Statement by Sponsor:

REP. MARJORIE FISHER, House District 80, Whitefish, said the main part of HB 304 is in its title, "an act authorizing the department of corrections and local government entities to contract for the design, financing, construction, and operation of regional correctional facilities," and it provides for contract terms and a time limit on contracts. **REP. FISHER** said the Montana State Prison in Deer Lodge was built for 850 inmates with a cap of 1,350, and there are 1,361 inmates there now. She said that with the "2-3 strikes you're out" legislation, the

allows the Department of Corrections to contract directly with a private operator, but they have tried to ensure that the local government entity can deal with whomever they choose. The state's relationship is with the local government entity.

Mr. Day added that the House did add an amendment to provide additional flexibility, but he doesn't believe there is an intention for the state to contract directly with a private company for regional facilities.

SEN. WELDON commented that in the area concerning community willingness and local approval there are several steps the state must go through before a contract is granted, and one of them is that the local governing body must approve the facility and the contract. He referred to **Mr. Day's** comment that often times they anticipate local voter approval through a bonding ballot measure.

SEN. WELDON asked Representative Fisher for her opinion on going one step further and putting in the bill a requirement that, as a prerequisite to the contract, local electorate approval of the facility be obtained by way of a bonding requirement or a referendum. **SEN. WELDON** said his reason for asking this question is that, because of the experience in Missoula County, he wonders if they would ever actually see a local governing body approve a contract because of significant public outcry. **REP. FISHER** said she could see some problem with that requirement in that it would delay the process for quite a period of time in waiting for the next election sequence. She said she believes if there was a significant outpouring of non-support, the state would not contract for a partnership in that area.

CHAIRMAN HARDING asked Rick Day if the prison pods would house about 76 people. **Mr. Day** said the Great Falls design is for 76 single beds or 150 double beds. The single/double combination is how they will ask all of them be designed, but he added that they will not dictate to the local entity the exact size.

Closing by Sponsor: **REP. FISHER** referred to a statement made about the Department of Corrections having a batting average that wasn't very good. She said in the last legislative session, there was a \$200 million deficit in the General Fund, and some hard choices were made, including choices to not fund corrections. She said that hopefully this session, Appropriations has put some personnel back in to corrections to help the Department with their job. **REP. FISHER** added that there is a bill in Appropriations for \$9 million in financing that would be bonded out to start work on these pods, and she encourages support for HB 304.

CHAIRMAN HARDING closed the Hearing on HB 304.

Motion: SEN. COLE moved that HB 563 BE CONCURRED IN.

Discussion: SEN. WELDON said he is trying to figure out where HB 563 is coming from. He said there had been argument that it is cost-savings issue, and he referred to a graph that was distributed at the Hearing on HB 563. He said significant increases such as postage - up 110%; fixed costs such as rent, audits, etc., - up 139%; paper costs - up 100% could not be handled any better by the Department of Administration.

SEN. WELDON added that the fiscal note does not reflect any cost for re-engineering computer equipment estimated to be \$150,000.

SEN. WELDON said a more significant consideration is that of a political question as it relates to a check and balance within the Executive Branch and that a check in the system will be lost by placing the warrant writing function with one elected executive. He said the bill sponsor responded to this concern by saying that the computer system will offer that check and balance. SEN. WELDON said the computer may be able to technically ensure everything is balanced out, but it does not address the policy issues involved. SEN. WELDON said that the last reason can only be that it is pure and simple politics -- a Democratic Auditor and Republican Governor and Republican majority in the legislature, and he wonders if that is the real reason this concept is being advanced.

CHAIRMAN HARDING said she didn't think political issues were involved but upon further investigation she realized that the warrant writing function may be a political position. She believes the warrant writing function should be in a non-political environment in the Department of Administration. She said that people in Departments go on regardless of who is Governor. CHAIRMAN HARDING said she initially favored the efficiency and streamlining aspects involved, and she believes there are checks and balances provided in advanced technology.

SEN. FOSTER said based on Chairman Harding's comments, he will vote to get the bill out of Committee. SEN. FOSTER added that Senator Weldon's comments are very well taken, and he will listen closely to the floor debate on HB 563.

SEN. BROOKE commented that she views this as an increasing unbalancing of the three branches of government. HB 563 and other bills this session have expanded the role and scope of the Governor and diminished the legislative role. She said whether the Department of Administration is political or not, it is still under the Governor.

SEN. HARGROVE commented that there must be some undercurrent that he naively doesn't see. He said HB 563 seems like a practical, administrative issue, and a matter of technology keeping things together for efficiency.

{Tape: 1; Side: B; Approx. Counter: 16.7}

SEN. COLE said he agreed with Senator Foster and will carefully listen to the floor debate on HB 563. He said from an efficiency standpoint, it appears the change would be beneficial.

SEN. WELDON said there's nothing he fears more than an efficient government. He believes it is a strength of our state government that there are several elected executives and, therefore, the power of government is diffused among those independently elected heads. **SEN. WELDON** said that as legislative power is diminished through a variety of schemes, naturally, there is an increase in the power and influence of the Executive Branch. By having two independent executives with spending responsibilities, some checks in the system can be maintained - which is, of course, the opposite of efficiency.

Vote: The MOTION CARRIED 5-3 on roll call vote.

EXECUTIVE ACTION ON HB 327

David Niss handed out amendments to HB 327 (EXHIBIT 3).

Motion: **SEN. PIPINICH** moved that HB 327 BE CONCURRED IN - without amendments.

Discussion: **SEN. HARGROVE** asked what would happen if the Committee voted YES, and what would happen if the Committee voted NO. **CHAIRMAN HARDING** explained that if the Committee voted YES, then without any amendments, HB 327 will carry as is. **SEN. WELDON** said that a substitute motion could be made to amend the bill.

Motion: **SEN. COLE** made a SUBSTITUTE MOTION TO ACCEPT AMENDMENTS (HB032703.ADN).

Discussion: **SEN. WELDON** said he believed the key to this is whether or not the Clerks and the Secretary of State were able to reach some consensus on these amendments. **SEN. WELDON** said he would like to have comments from Angela Fultz and Betty Lund. **Angela Fultz, on behalf of the Secretary of State's office,** said they have spent considerable time going over the amendments, and they are concerned, but they feel that in order to advance the bill, they would concur in the amendments. She stated specifically, they are concerned regarding the rule-making and putting so many procedures directly into law. **Betty Lund, on**

MONTANA SENATE
1995 LEGISLATURE
STATE ADMINISTRATION COMMITTEE

ROLL CALL

DATE TR 3-17-95

[illegible]

SEN:1995
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MONTANA SENATE
1995 LEGISLATURE
STATE ADMINISTRATION COMMITTEE
ROLL CALL VOTE

DATE Fri 3-17-95 BILL NO. H3563 NUMBER _____

MOTION: Sen CAG moved THAT HB56 BE CONCURRED

(CARRIES 5-3)

[illegible]

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 17, 1995

MR. PRESIDENT:

We, your committee on State Administration having had under consideration HB 563 (third reading copy -- blue), respectfully report that HB 563 be concurred in.

Signed: Ethel M. Harding
Senator Ethel M. Harding, Chair

SP Amd. Coord.

Sec. of Senate

HARGROVE
Senator Carrying Bill

621232SC.SRF

94

HOUSE BILL NO. 563

INTRODUCED BY SLITER, BARNETT, BRAINARD, GREEN, CURTISS, AHNER, GRINDE, STOVALL,
MARSHALL, WELLS, FUCHS, MERCER, CLARK, BOHARSKI, KNOX, OHS, SIMPKINS, DENNY, HAYNE,
JOE, L. SMITH, TAYLOR, FORBES, WISEMAN, DEVANEY, KEENAN, REHBEIN, STORY, MILLS, ELLIS,
MCGEE, SOFT, MARTINEZ, MURDOCK, TASH, SOMERVILLE

A BILL FOR AN ACT ENTITLED: "AN ACT TRANSFERRING THE WARRANT WRITING AND BAD DEBT
MANAGEMENT FUNCTIONS OF THE STATE AUDITOR TO THE DIRECTOR OF THE DEPARTMENT OF
ADMINISTRATION, WHO IS THE EX OFFICIO STATE TREASURER; ~~CHANGING THE SPECIAL REVENUE
ACCOUNT FOR THE WARRANT WRITER PROGRAM TO AN INTERNAL SERVICE FUND;~~ AMENDING
SECTIONS 2-18-411, 2-18-412, 2-18-702, 3-2-503, 7-4-2502, 17-1-101, 17-1-111, 17-1-122, 17-3-1004,
17-4-101, 17-4-102, 17-4-103, 17-4-104, 17-4-105, 17-4-106, 17-4-107, 17-4-108, 17-6-212, 17-8-211,
17-8-301, 17-8-303, 17-8-305, 17-8-306, 17-8-307, 23-7-312, 32-1-537, 39-3-213, 39-51-3207,
44-2-314, 53-18-102, 85-8-612, 87-1-206, AND 87-1-603, MCA; REPEALING SECTION 17-1-121, MCA;
AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 2-18-411, MCA, is amended to read:

"2-18-411. Lost warrants -- duplicate. (1) Upon receipt of proof satisfactory to the ~~state auditor~~
treasurer that a payroll warrant issued by the state ~~auditor~~ treasurer has been lost or destroyed prior to its
delivery to the employee to whom it is payable, the state ~~auditor~~ treasurer shall, upon certification by the
payee's appointing power, issue a duplicate warrant in payment of the same amount without requiring a
bond from the payee ~~and any~~. Any loss incurred in connection ~~therewith shall~~ with the warrant must be
charged against the account from which the payment was derived.

(2) A payroll warrant ~~shall be~~ is considered to have been lost if it has been sent to the payee but
not received by ~~him~~ the payee within a reasonable time, consistent with the policy of prompt payment of
employees, or if it has been sent to a state officer or employee for delivery to the payee or for forwarding
to another state officer or employee for ~~such~~ delivery and has not been received within ~~such~~ a reasonable
time."

1 **Section 2.** Section 2-18-412, MCA, is amended to read:

2 **"2-18-412. Designation of person to receive decedent's warrants -- reissuance.** ~~Any~~ A person ~~now~~
3 ~~or hereafter~~ employed by the state may file with ~~his~~ the person's appointing power a designation of a
4 person who, notwithstanding any other provision of law, shall, on the death of the employee, be entitled
5 to receive all warrants that would have been payable to the decedent had ~~he~~ the employee survived. The
6 employee may change the designation from time to time. A person ~~so~~ designated shall claim ~~such~~ the
7 warrants from the state ~~auditor~~ treasurer and on sufficient proof of identity, the ~~state auditor~~ treasurer shall
8 reissue the warrant in the name of the designated person and deliver ~~said~~ the warrant to the designated
9 person."
10

11 **Section 3.** Section 2-18-702, MCA, is amended to read:

12 **"2-18-702. Group insurance for public employees and officers.** (1) All counties, cities, towns,
13 school districts, and the board of regents shall upon approval by two-thirds vote of their respective officers
14 and employees enter into group hospitalization, medical, health, including long-term disability, accident,
15 ~~and/or~~ or group life insurance contracts or plans for the benefit of their officers and employees and their
16 dependents. The laws prohibiting discrimination on the basis of marital status in Title 49 do not prohibit
17 bona fide group insurance plans from providing greater or additional contributions for insurance benefits
18 to employees with dependents than to employees without dependents or with fewer dependents.

19 (2) State employees and elected officials, as defined in 2-18-701, may participate in state employee
20 group benefit plans as are provided for under part 8 of this chapter.

21 (3) For state officers and employees, the premiums required from time to time to maintain the
22 insurance in force must be paid by the insured officers and employees, and the ~~auditor~~ state treasurer shall
23 deduct the premiums from the salary or wages of each officer or employee who elects to become insured,
24 on the officer's or employee's written order, and issue a warrant for the premiums to the insurer.

25 (4) For the purpose of this section, the plans of health service corporations for defraying or
26 assuming the cost of professional services of licentiates in the field of health or the services of hospitals,
27 clinics, or sanitariums or both professional and hospital services must be construed as group insurance and
28 the dues payable under the plans must be construed as premiums for group insurance.

29 (5) If the board of trustees of a school district implements a self-insured group health plan or if the
30 board of regents implements an alternative to conventional insurance to provide group benefits to its

employees, the board shall maintain the alternative plan on an actuarially sound basis."

Section 4. Section 3-2-503, MCA, is amended to read:

"3-2-503. Accounts of marshal. All accounts of the marshal must be filed in the supreme court in a bill of items under oath certified by the chief justice and, when properly chargeable against the state and approved by the department of administration, must be paid out of the state treasury upon the warrant of the state ~~auditor~~ treasurer."

Section 5. Section 7-4-2502, MCA, is amended to read:

"7-4-2502. Payment of salaries of county officials and assistants. (1) Except as provided in subsection (2), the salaries of the county officers and their assistants may be paid monthly, twice monthly, or every 2 weeks out of the general fund of the county and upon the order of the board of county commissioners.

(2) (a) The salaries of the county attorney and deputy county attorneys authorized by 7-4-2703 are payable monthly, with the salary of the county attorney payable one-half from the general fund of the county and, if the county has supplied the information to the department of justice for inclusion in its budget, the other one-half from the state treasury upon the warrant of the state ~~auditor~~ treasurer. If the county has not supplied information concerning any scheduled or proposed increase in salary for the county attorney to the department of justice for inclusion in material submitted to the budget director under Title 17, chapter 7, part 1, the county is responsible for any increased salary.

(b) The county commissioners of each county shall, within 30 days after the election or appointment to fill a vacancy for any cause in the office of county attorney, certify the election or appointment to the department of justice. The department shall notify the state ~~auditor~~ treasurer of the salary of the county attorney. The ~~auditor~~ state treasurer shall draw warrants for the county attorney salaries in the same manner as for state officers. In case of a vacancy, the county commissioners shall immediately notify the department of justice, and the department shall compute the salary due on the basis of the notification.

(3) The board has jurisdiction and power, under ~~such~~ limitations and restrictions ~~as are~~ prescribed by law, to fix the compensation of all county officers not otherwise fixed by law and to provide for the payment of the compensation and may, for all or the remainder of each fiscal year, in conjunction with

1 setting salaries for other officers as provided in 7-4-2504(1), set their salaries at the prior fiscal year level."

2
3 **Section 6.** Section 17-1-101, MCA, is amended to read:

4 **"17-1-101. Definition of department.** Except in chapter 3, part 3, and ~~chapter 4, part 1,~~ and unless
5 the context requires otherwise, in this title, "department" means the department of administration provided
6 for in Title 2, chapter 15, part 10."

7
8 **Section 7.** Section 17-1-111, MCA, is amended to read:

9 **"17-1-111. General fiscal duties of state treasurer.** (1) The state treasurer ~~shall be~~ is the custodian
10 of all ~~moneys~~ money and securities of the state unless otherwise expressly provided by law.

11 (2) It is the duty of the state treasurer to:

12 (a) receive and account for all ~~moneys~~ money belonging to the state, not expressly required by law
13 to be received and kept by some other person;

14 (b) pay warrants out of the funds upon which they are drawn;

15 (c) upon payment of any warrant, take upon the back ~~thereof~~ of the warrant the receipt of the
16 person to whom it is paid;

17 (d) keep an account of all ~~moneys~~ money received and disbursed;

18 (e) at the request of either house of the legislature or of any legislative committee ~~thereof~~, give
19 information in writing as to the condition of the treasury or ~~upon~~ on any subject relating to the duties of
20 ~~his~~ the office of state treasurer;

21 (f) superintend the fiscal concerns of the state;

22 (g) suggest plans for the improvement and management of the public revenue;

23 (h) keep an account of all warrants drawn upon the treasury and of other appropriation records that
24 the treasurer determines to be essential for the support of the accounting records maintained in the
25 department;

26 (i) charge the outgoing state treasurer with the balance that was in the treasury when the outgoing
27 treasurer came into office and with all money received and credit the outgoing treasurer with all warrants
28 drawn on and paid;

29 (j) keep a register of warrants, showing the fund upon which each warrant is drawn, each
30 warrant's number, who received the warrant, and the date issued;

(k) require all persons who have received money belonging to the state but who have not accounted for it to settle their accounts;

(l) draw warrants on the state treasury for the payment of money directed by law to be paid out of the treasury, except that a warrant may not be drawn unless authorized by law;

(m) authenticate with the official seal of the state all warrants drawn and all copies of papers issued from the office of state treasurer;

(n) collect and pay into the state treasury all fees received; and

(o) discharge such other duties as may be imposed upon him the state treasurer by law."

Section 8. Section 17-1-122, MCA, is amended to read:

"17-1-122. Discretionary duties authority of state auditor treasurer. ~~In his discretion it is the duty of the state auditor to~~ The state treasurer may:

(1) inspect the books of any persons charged with the receipt, safekeeping, or disbursement of public moneys money;

(2) require all persons who have received moneys or securities money or who have had the disposition or management of any property of the state of which an account is kept in his office the department to render statements thereof to him the treasurer, and all such persons. A statement must render statements be rendered at such times and in such the form as he may require prescribed by the department;

(3) promulgate rules regarding the distribution and processing of warrants issued; and

(4) establish, under the joint control of the department of administration and the state auditor, a system of filing and storage of the original copy of claims paid by state warrant."

NEW SECTION. Section 9. Authority of state auditor concerning securities. The state auditor may require a person who has received securities of which the auditor keeps account to render to the auditor a statement concerning the securities. The statement must be made at the time and in the form prescribed by the auditor.

Section 10. Section 17-3-1004, MCA, is amended to read:

"17-3-1004. Disbursement of funds. (1) The money received by the state treasurer under the

provisions of 17-3-1003 ~~shall~~ may be paid out ~~by him of the treasury~~ only on a warrant issued by the state auditor ~~treasurer~~ in payment of claims for expenses actually incurred for the support and maintenance of the institution filing the ~~same~~ claims.

(2) In the payment of claims presented by a state institution entitled to interest and income from land grants or ~~moneys arising therefrom~~ money from a land grant, ~~no~~ a warrant ~~shall~~ may not be drawn against the appropriation made by the state out of the general fund for the maintenance of the institution filing the claim until interest and income ~~moneys~~ money, ~~insofar as they are~~ available for the payment of the items in the claim, ~~are~~ is exhausted."

Section 11. Section 17-4-101, MCA, is amended to read:

"17-4-101. Definitions. In this part, the following definitions apply:

(1) ~~The word "department"~~ "Department" means the department of ~~revenue~~ administration.

(2) ~~The term "state"~~ "State agency" includes all state offices, departments, divisions, boards, commissions, councils, committees, institutions, university units, and other entities or instrumentalities of state government."

Section 12. Section 17-4-102, MCA, is amended to read:

"17-4-102. Accounts of persons indebted to state. (1) ~~In his discretion it is the duty of the state auditor to~~ The department may:

(a) examine and settle the accounts of persons indebted to the state ~~and~~, certify the amount ~~to the treasurer and, upon presentation and filing of the treasurer's receipt therefor, to owed, and give such~~ the person a discharge and charge the treasurer therewith;

(b) require any person presenting an account for settlement to be sworn ~~before him~~ and to answer, orally or in writing, as to any facts relating to ~~it~~ the debt.

(2) The certificate mentioned in subsection (1)(a) must show by whom the payment is to be made, the amount ~~thereof~~ of the payment, and the fund into which ~~it~~ the payment is to be ~~paid and must~~ deposited. The certificates must be numbered in order, beginning with number 1 at the commencement of each fiscal year."

Section 13. Section 17-4-103, MCA, is amended to read:

1 **"17-4-103. Collection of claims by ~~state auditor~~ department.** (1) ~~In his discretion, it is the duty of~~
2 ~~the state auditor to~~ The department may examine the collection of money due the state and institute suits
3 in its name for official delinquencies in relation to the assessment, collection, and payment of the revenue,
4 ~~and~~ against persons who possess public money or property and fail to pay over or deliver the money or
5 property, and against debtors of the state. The courts of the county where the seat of government ~~may~~
6 ~~be~~ is located have jurisdiction, without regard to the residence of the defendants, over the collection suits
7 authorized by this section.

8 (2) Whenever a person has money or other personal property that belongs to the state by escheat
9 or otherwise or has been entrusted with the collection, management, or disbursement of money, bonds,
10 or interest accruing from the money or bonds, belonging to or held in trust by the state, and fails to render
11 an account of the money or personal property to and make settlement with the ~~state auditor~~ department
12 within the time prescribed by law or, when ~~no~~ a particular time is not specified, fails to render an account
13 and make settlement or ~~who~~ fails to pay into the state treasury the money belonging to the state, upon
14 being required to do so ~~by the state auditor~~ department, within 20 days after the requisition, the state
15 auditor shall state an account with that person, charging 25% damages and interest at the rate of 10% a
16 year from the time of the failure. A copy of the account in a suit is prima facie evidence of the things stated
17 in the account, but when the ~~state auditor~~ department cannot for want of information state an account,
18 ~~he~~ the department may in an action brought by ~~him~~ the department aver that fact and allege generally the
19 amount of money or other property due or belonging to the state.

20 (3) The ~~state auditor~~ department may assist in the collection of a delinquent account owing to any
21 state agency and may separately charge the state agency that transferred the debt for the cost of
22 assistance. The ~~state auditor~~ department may designate the percentage of collected proceeds to be retained
23 for the cost of assistance.

24 (4) The ~~state auditor~~ department may provide a collection service for the general purpose of
25 centralizing the collection of all debts owing to the state."
26

27 **Section 14.** Section 17-4-104, MCA, is amended to read:

28 **"17-4-104. Circumstances when ~~state auditor~~ department ~~must~~ shall assist.** Subject to and in
29 accordance with rules adopted by the ~~state auditor~~ department, the ~~state auditor~~ department shall render
30 assistance in the collection of accounts owing to any state agency if all of the following procedures have

1 been completed to his the department's satisfaction:

2 (1) A state agency ~~must~~ shall make all reasonable efforts to collect money owed to it and ~~must~~
3 shall determine that the money and any interest or penalties ~~therefor~~ are uncollectible in accordance with
4 criteria for uncollectibility formulated by that agency.

5 (2) Once a state agency has determined that an account owed to it uncollectible, it shall certify
6 to the ~~state auditor~~ department the amount of the money, interest, and penalties, as accurately as can be
7 determined. The ~~state auditor~~ department may require ~~submission by~~ the agency ~~of~~ to submit all relevant
8 evidence and other information regarding the debt and may examine the records of any other state agency
9 ~~which that~~ that may be pertinent in determining the uncollectibility of the debt, unless examination is specifically
10 prohibited by law.

11 (3) If the ~~state auditor~~ department finds that the debt is uncollectible in accordance with the criteria
12 for uncollectibility of money due that state agency, ~~he~~ the department shall direct the agency to write off
13 the debt on its accounts and transfer the debt to ~~him~~ the department.

14 (4) Debts described in 17-4-105(4) need not be determined uncollectible for purposes of this
15 section."

16
17 **Section 15.** Section 17-4-105, MCA, is amended to read:

18 **"17-4-105. Authority to collect debt -- offsets.** (1) Once a debt of a state agency has been
19 transferred to the ~~state auditor~~ department, the ~~state auditor has the authority to~~ department may collect
20 it. The ~~state auditor~~ department may contract with commercial collection agencies for recovery of debts
21 owed the state.

22 (2) The ~~state auditor~~ department shall offset any amount due a state agency from a person or
23 entity against any amount, including refunds or taxes, owing the person or entity by any state agency,
24 ~~provided the state auditor~~ The department may not exercise this right of offset until the debtor has first
25 been notified by the ~~state auditor~~ department and been given an opportunity for a hearing. An offset may
26 not be made against any amount paid out as child support collected by the department of social and
27 rehabilitation services. The ~~state auditor~~ department shall deduct from the claim and draw warrants for the
28 amounts offset in favor of the respective state agencies to which due and for any balance in favor of the
29 claimant. Whenever insufficient to offset all amounts due state agencies, the amount available must be
30 applied first to debts owed by reason of the nonpayment of child support and then in the manner ~~as~~ that

1 the ~~state auditor department~~, in the ~~state auditor's~~ its discretion, determines.

2 (3) (a) The department of revenue retains the power to offset tax refunds due individuals against
3 taxes owed the state, provided that the department of revenue may not exercise this right of offset until
4 the taxpayer has been notified by the department of revenue and been given the opportunity to request a
5 review.

6 (b) Within 30 days following mailing of notification, the taxpayer may request a review of the
7 asserted liability. If a review is requested, the department of revenue shall conduct an informal review
8 conference, which is not subject to the contested case procedures of the Montana Administrative Procedure
9 Act.

10 (c) Appeal from the decision of the department of revenue after the review conference may be
11 taken to the state tax appeal board.

12 (d) A taxpayer is not entitled to a review conference for a tax offset if the tax liability has been the
13 subject matter of any proceeding conducted for the purpose of determining its validity and any decision
14 made as a result of that proceeding has become final.

15 (4) (a) A debt owed to the department of social and rehabilitation services or being collected by
16 the department of social and rehabilitation services on behalf of any person or agency may be offset by the
17 ~~state auditor department of administration~~ if the debt is being enforced or collected by the department of
18 social and rehabilitation services under Title IV-D of the Social Security Act.

19 (b) The debt need not be determined to be uncollectible, as provided for in 17-4-104, before being
20 transferred to the ~~state auditor department~~ for offset. The debt must have accrued through written
21 contract, court judgment, or administrative order.

22 (c) Within 30 days following the notification provided for in subsection (2), the person owing a debt
23 described in subsection (4)(a) may request a hearing. The person owing a debt is not entitled to a hearing
24 if the amount of the debt has been the subject matter of any proceeding conducted for the purpose of
25 determining the validity of the debt and any decision made as a result of that proceeding has become final.
26 The hearing must be conducted by teleconferencing methods and is subject to the provisions of the
27 Montana Administrative Procedure Act. The department of social and rehabilitation services shall adopt
28 rules necessary to determine the hearing procedures.

29 (5) If, in the discretion of the ~~state auditor department~~, the person or entity refuses or neglects to
30 file a claim within a reasonable time, the head of the state agency owing the amount shall file the claim on

1 behalf of the person or entity; ~~if~~. If approved by the department of administration, it ~~shall have~~ has the
2 same force and effect as though filed by the person or entity. The amount due any person or entity from
3 the state or any agency of the state is the net amount otherwise owing the person or entity after any
4 offset, as provided in this section."

5
6 **Section 16.** Section 17-4-106, MCA, is amended to read:

7 **"17-4-106. Agency owed debt to receive all money collected -- exception.** (1) All money collected
8 by the ~~state auditor~~ department on debts transferred to ~~him~~ the department by the various state agencies,
9 except funds collected under 17-4-103(3), must be deposited to the account or fund of the agency to
10 which the debt was originally owing.

11 (2) Funds collected under 17-4-103(3) must be deposited in an account in the internal service fund
12 for the cost of assistance of debt collection by the ~~state auditor~~ department. Funds deposited in excess of
13 the amount appropriated for operation of the debt collection program must be carried forward into the next
14 fiscal year for operation of the debt collection program. Any excess carried forward into the next fiscal year
15 ~~will~~ must be used to reduce the designated percentage of the collected proceeds charged to the various
16 state agencies. At the end of each biennium, any fund balance in excess of \$10,000 must be transferred
17 ~~back~~ to the general fund."

18
19 **Section 17.** Section 17-4-107, MCA, is amended to read:

20 **"17-4-107. ~~Write-off~~ Writeoff procedures.** (1) The ~~state auditor~~ department may establish
21 procedures for canceling and writing off accounts receivable carried on the books of the various state
22 agencies that have been transferred to the ~~state auditor's office~~ department pursuant to 17-4-104 and that
23 are uncollectible or the continued pursuance of the collection of accounts would cost the state more than
24 the amount collected. The procedures must be established in accordance with subsection (2).

25 (2) The department ~~of administration~~ may establish procedures for canceling and writing off
26 accounts receivable carried on the books of various state agencies ~~which~~ that are uncollectible or the
27 continued pursuance of the collection would cost the state more than the amount collected. The procedures
28 must include the reporting to the budget director of any canceling and writing off of accounts receivable."

29
30 **Section 18.** Section 17-4-108, MCA, is amended to read:

1 "17-4-108. Circumstances under which previously written-off debt may be collected. If a debt
2 previously written off under 17-4-107(1) subsequently becomes collectible, the ~~state auditor~~ department
3 shall proceed to collect the money due pursuant to 17-4-105(1) and 17-4-106."

4
5 **Section 19.** Section 17-6-212, MCA, is amended to read:

6 "17-6-212. State purchase of general fund warrants. (1) The state ~~hereby~~ reserves to itself a
7 preference right, prior to the right of any person, company, or corporation, to purchase state general fund
8 warrants issued with funds under the control of the board of investments and subject to investment.

9 (2) When the board of investments has under its control any funds subject to investment ~~which~~
10 that in its judgment it would be advantageous to have invested in state general fund warrants and there
11 are not sufficient funds in the state general fund to pay warrants issued against the fund at the time they
12 are issued and presented for payment, it shall authorize and direct the state treasurer to purchase state
13 general fund warrants, designating the fund or funds to be so invested and fixing the amount or amounts.
14 ~~It shall also give notice to the state auditor of the investment to be made by the treasurer, designating the~~
15 ~~fund or funds to be invested and the amounts.~~

16 (3) The ~~auditor~~ state treasurer shall attach to or stamp, write, or print upon each general fund
17 warrant ~~thereafter~~ after the funding shortfall issued, until warrants totaling the amounts ~~so~~ designated have
18 been issued, a notice that the state will exercise its preference right to purchase the warrant.

19 (4) The state treasurer shall, ~~thereafter~~ when the warrant is presented, ~~to him~~ pay it out of the
20 proper fund as designated by the board, and the warrant ~~so~~ purchased ~~shall~~ must be registered as other
21 state warrants and must bear interest as provided by law.

22 (5) When the designated amounts have been invested, the state treasurer shall notify the board
23 of investments, which shall ~~thereupon~~ issue orders upon the proper funds addressed to the state auditor
24 for warrants to be issued in favor of the treasurer."

25
26 **Section 20.** Section 17-8-211, MCA, is amended to read:

27 "17-8-211. Notice required for assignment of claims against state. (1) All transfers and
28 assignments made of any claim against the state, or any part ~~thereof~~ of or interest ~~thereon~~ on the claim,
29 except as ~~hereinafter~~ provided in this section, ~~shall be absolutely null and are~~ void and unenforceable
30 against the state unless the assignee ~~thereof~~ files written notice of the assignment on ~~such~~ forms ~~as that~~

105

1 may be required by the ~~state auditor~~ department of administration, together with a true copy of the
2 instrument of assignment.

3 (2) The ~~state auditor~~ department may promulgate rules regarding the form of assignment, the
4 procedures for filing assignments, and the submission of claims covering assigned funds.

5 (3) Unless otherwise expressly permitted by the ~~state auditor~~ department, no more than one
6 assignment of a claim ~~shall be~~ is effective at one time, and ~~no an~~ assignment ~~shall~~ may not be made to
7 more than one party, except that an assignment may be made to one party as agent or trustee for two or
8 more parties. An assignment ~~shall~~ may not be subject to further assignment."

9
10 **Section 21.** Section 17-8-301, MCA, is amended to read:

11 **"17-8-301. State ~~moneys~~ money -- how expended by treasurer.** (1) Except as ~~herein~~ provided in
12 this section, ~~no moneys~~ money received by the state treasurer may not be paid out ~~by him~~ except upon
13 a state warrant issued by the ~~state auditor~~ treasurer or on electronic funds transfer authorized by the state
14 ~~auditor~~ treasurer. The state ~~auditor~~ treasurer may not issue ~~his~~ a warrant or authorize an electronic funds
15 transfer upon the state ~~treasurer~~ treasury except upon a claim ~~duly~~ approved by the department of
16 administration in accordance with the laws governing the expenditure of state ~~moneys~~; money. ~~however~~
17 However, interest and principal on the public debt may be paid by treasurer's check from the ~~moneys~~
18 money pledged for ~~such~~ payment, and the provisions of this section do not apply to warrants issued upon
19 contingent revolving accounts that are in the custody of the state treasurer.

20 (2) As used in 2-18-405 and this section, "electronic funds transfer" means any transfer of funds,
21 other than a transaction originated by check, draft, or similar paper instrument, that is initiated through an
22 electronic terminal, telephonic instrument, computer, or magnetic tape and that orders, instructs, or
23 authorizes the state ~~auditor~~ treasurer to debit or credit an account."

24
25 **Section 22.** Section 17-8-303, MCA, is amended to read:

26 **"17-8-303. Warrants -- presentation and cancellation.** (1) State warrants must be presented for
27 payment within the time limits specified as follows:

28 (a) Except as provided in subsection (1)(b), all warrants drawn by the state ~~auditor~~ treasurer on
29 the state treasury ~~shall~~ must be presented for payment within 6 months after the date of the issue ~~thereof~~.

30 (b) Warrants issued for the department of social and rehabilitation services that are funded to any

1 extent with federal money ~~shall~~ must be presented for payment within 180 days after the date of issue.

2 (2) ~~Should~~ If the payee or legal holder of any warrant ~~fail~~ fails to present it for payment within the
3 time specified in subsection (1), the state ~~auditor~~ treasurer shall enter the ~~same~~ warrant as canceled on the
4 books of ~~his~~ the treasurer's office and the amount ~~shall~~ must be credited to a separate agency fund account
5 administered by the ~~state auditor~~ treasurer. ~~Should~~ If the payee or legal owner of any canceled warrant
6 ~~present~~ presents it for payment or ~~present~~ presents a claim for payment within 4 years from the date of
7 issue, the state ~~auditor~~ treasurer may, upon proper showing by affidavit, issue a new warrant in lieu ~~thereof~~
8 of the canceled warrant.

9 (3) Three years and 6 months after cancellation, the warrant ~~shall~~ must be classed as unclaimed
10 property subject to the provisions of Title 70, chapter 9, parts 1 through 3. ~~Should~~ If the payee or legal
11 owner of any canceled warrant ~~present~~ presents it for payment or ~~present~~ presents a claim for payment,
12 ~~such~~ the presentation ~~shall~~ must be to the department of revenue as provided in 70-9-310."

13
14 **Section 23.** Section 17-8-305, MCA, is amended to read:

15 "17-8-305. **Cost accounting for warrant.** In ~~his~~ the treasurer's discretion, it is the duty of the state
16 ~~auditor~~ treasurer to establish a cost accounting system to determine the unit cost of issuing and processing
17 warrants and provide for a system of charges for services rendered in issuing and processing warrants for
18 claims submitted by any department or agency of the state. ~~No such~~ A charge ~~shall~~ may not be made for
19 warrants issued against the general fund. Funds collected under this section for budgeted programs ~~shall~~
20 must be deposited to the credit of the general fund. Funds collected for new or unforeseen programs may
21 be deposited to the credit of a state special revenue fund account and expended for the purposes of paying
22 the processing expenses incurred as a result of the new program."

23
24 **Section 24.** Section 17-8-306, MCA, is amended to read:

25 "17-8-306. **Issuance of duplicate warrant.** (1) The state ~~auditor~~ treasurer may issue a duplicate
26 warrant whenever any warrant drawn by the state ~~auditor~~ upon the treasurer of the state is lost or
27 destroyed. This duplicate warrant must be in the same form as the original, except that it must have plainly
28 printed across its face the word "duplicate". A duplicate warrant may not be issued or delivered unless the
29 person entitled to receive it deposits with the state ~~auditor~~ treasurer a bond in double the amount for which
30 the duplicate warrant is issued indemnifying the state and its officers and employees from any loss resulting

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1 from the issuance of the duplicate warrant.

2 (2) A bond of indemnity is not required when:

3 (a) the payee is the United States government, a state of the United States, any agency,
4 instrumentality, or officer of the United States government or of a state, county, city, city and county,
5 town, district, or other political subdivision of a state or any officer thereof;

6 (b) the owner or custodian is the state of Montana or any agency or officer of the state;

7 (c) the owner or custodian is a bank, savings and loan association, admitted insurer, or trust
8 company whose financial condition is regulated by the United States government or by the state of
9 Montana;

10 (d) the state ~~auditor~~ treasurer has chosen to waive the requirement upon receipt of evidence that
11 the original warrant has been lost or destroyed as a result of a disaster or other major occurrence;

12 (e) the amount of the lost or destroyed warrant is less than \$300;

13 (f) it can be established that a crime has been committed and that as a result a Montana warrant
14 has been stolen or destroyed;

15 (g) it can be established that a Montana warrant has been mailed to an incorrect payee;

16 (h) the payee is a vendor or contractor doing business with the state of Montana;

17 (i) the payee is a recipient of public assistance under Title 53;

18 (j) the payee is a recipient of a monthly annuity under Title 19;

19 (k) the payee is a recipient of student financial assistance administered or insured by the
20 guaranteed student loan program pursuant to Title 20, chapter 26; or

21 (l) a state agency approves the issuance of the duplicate warrant and agrees to assume the risk
22 of the original warrant being cashed.

23 (3) Whenever the owner or custodian applies under the provisions of subsection (2)(d), (2)(f),
24 (2)(g), (2)(h), (2)(i), (2)(j), (2)(k), or (2)(l), a stop-payment order must be placed on the original warrant by
25 the state ~~auditor~~ treasurer.

26 (4) Whenever the owner or custodian applies under the provisions of subsection (2)(c), (2)(d),
27 (2)(e), (2)(f), (2)(g), (2)(h), (2)(i), (2)(j), (2)(k), or (2)(l), the application must include an agreement to
28 indemnify the state and its officers and employees from any loss resulting from the issuance of a duplicate
29 warrant. Any loss incurred in connection with the issuance of a duplicate warrant must be charged against
30 the account from which the payment was derived."

1 **Section 25.** Section 17-8-307, MCA, is amended to read:

2 **"17-8-307. Board's power to prevent payment of ~~auditor's~~ treasurer's warrants.** Whenever the
3 board of examiners has reason to believe that the state ~~auditor~~ treasurer has drawn or is about to draw ~~his~~
4 a warrant without authority of law or for a larger amount than the state actually owes, the board ~~must~~ shall
5 notify the ~~state~~ treasurer not to pay the warrant ~~so~~ drawn or to be drawn, ~~and thereupon the~~ The state
6 treasurer is prohibited from paying the warrant, whether already drawn or not, until ~~he is~~ otherwise directed
7 by the legislature or the board."

8
9 **Section 26.** Section 23-7-312, MCA, is amended to read:

10 **"23-7-312. Lien on lottery winnings for debt collected by IV-D agency -- notice to agency --**
11 **payment to agency -- procedure.** (1) For purposes of this section, "IV-D agency" means the state child
12 support enforcement agency created pursuant to Title IV-D of the Social Security Act and providing services
13 under Title 40, chapter 5.

14 (2) The IV-D agency shall periodically certify to the state lottery the names and social security
15 numbers of persons owing a debt to or collected by the IV-D agency.

16 (3) Prior to the payment of lottery winnings in excess of \$600, the state lottery shall check the
17 name of the winner against the list of names and social security numbers of persons owing a debt to or
18 collected by the IV-D agency.

19 (4) (a) If the winner is on the list of persons owing a debt to or collected by the IV-D agency, the
20 state lottery shall make a good faith attempt to notify the IV-D agency and the agency then has a lien
21 against the winnings in the amount of the debt owed to or collected by the IV-D agency. The state lottery
22 has no liability to the IV-D agency or the individual on whose behalf the IV-D agency is collecting the debt
23 if the state lottery fails to match a winner's name to a name on the list or is unable to notify the IV-D
24 agency of a match. The IV-D agency shall provide the state lottery with written notice of a support lien
25 promptly upon the state lottery's notification of a match.

26 (b) If the lottery winnings are to be paid through the state ~~auditor~~ treasurer, the lottery winner is
27 entitled to notice and opportunity for hearing under Title 17, chapter 4, part 1, prior to any offset of the
28 debt against the winnings.

29 (c) If the lottery winnings are to be paid directly by the state lottery, the amount of the debt owed
30 to or collected by the IV-D agency must be held by the lottery for a period of 30 days from the lottery's

1 confirmation of the amount of the debt to allow the IV-D agency to institute any necessary garnishment
2 or withholding proceedings. If a garnishment or withholding proceeding is not initiated within the 30-day
3 period, the lottery shall release the payment to the winner.

4 (d) The IV-D agency, in its discretion, may release or partially release the support lien upon written
5 notice to the state lottery.

6 (e) A support lien under this section is in addition to any other lien created by law."
7

8 **Section 27.** Section 32-1-537, MCA, is amended to read:

9 **"32-1-537. Disposition of unclaimed funds.** (1) The department shall certify to the state treasurer
10 a complete list of funds remaining with it that are uncalled for and that have been left with it in its official
11 capacity in trust for depositors in and creditors of a liquidated bank after they have been held by it for 6
12 months from the date of the final liquidation of the institution. Along with this certificate, the department
13 shall transmit to the state treasurer the funds, with accumulated interest on them, that it has held in trust
14 for 6 months. A copy of the certificate must also be filed with the state auditor, who shall make a record
15 of it.

16 (2) The state treasurer shall deposit the funds and interest in the general fund.

17 (3) A depositor or creditor of a liquidated bank who has not been paid the amount standing to the
18 person's credit as certified to the state treasurer may apply to the department for the amount due. The
19 depositor or creditor shall make an affidavit and offer proof of identity and of the amount due. When
20 satisfied as to the correctness of the claim and of the identity of the person, the department shall forward
21 it to the ~~auditor~~ state treasurer who shall audit the claim and, if found correct, certify the claim to the
22 department. If the department approves the claim, it shall pay the claim to the depositor or creditor. The
23 money deposited in the general fund pursuant to this section is statutorily appropriated, as provided in
24 17-7-502, to the department for the purpose of paying approved claims."
25

26 **Section 28.** Section 39-3-213, MCA, is amended to read:

27 **"39-3-213. Disposition of wages.** (1) The commissioner of labor ~~and industry~~ shall deposit wages
28 collected ~~by him~~ under parts 2 and 4 of this chapter into the agency fund and shall attempt to make
29 payment of wages to the entitled person. Wages deposited into the agency fund are not interest bearing.
30 The payment of wages collected may be made by means of state warrants.

(2) Warrants issued pursuant to subsection (1) ~~which that~~ remain unclaimed for more than 1 year from the date of issuance ~~shall~~ must be returned to the state ~~auditor~~ treasurer for cancellation in accordance with 17-8-303."

Section 29. Section 39-51-3207, MCA, is amended to read:

"39-51-3207. Authority to determine uncollectibility of debts -- transfer of debts for collection -- liability for payment of fees and costs of collection. (1) After making all reasonable efforts to collect unpaid contributions, assessments under 39-51-404(4), and penalties and interest ~~thereon~~, or overpaid benefits under 39-51-3206 and interest ~~thereon~~, the department may determine a debt to be uncollectible. Upon determining that a debt is uncollectible, the department may transfer the debt to the ~~state auditor~~ department of administration for collection as provided in 17-4-104.

(2) Subject to approval by the department, reasonable fees or costs of collection incurred by the ~~state auditor~~ department of administration may be added to the amount of the debt, including added fees or costs. The debtor is liable for repayment of the amount of the debt plus fees or costs added pursuant to this subsection. All money collected must be returned to the department to be applied to the debt, except that all fees or costs collected must be retained by the ~~state auditor~~ department of administration. If less than the full amount of the debt is collected, the state auditor shall retain only a proportionate share of the collection fees or costs."

Section 30. Section 44-2-314, MCA, is amended to read:

"44-2-314. Use of ~~moneys~~ money -- records. The state ~~auditor~~ treasurer is ~~hereby~~ authorized to draw warrants on this account upon request of the attorney general when ~~such moneys are~~ money is needed to pay any of the costs of keeping the system operative. A strict accounting ~~shall~~ must be kept of all receipts and disbursements and ~~shall~~ must be available as a matter of record to members of the appropriations committee of the house of representatives as they may require in the performance of their duties."

Section 31. Section 53-18-102, MCA, is amended to read:

"53-18-102. Creation of self-sufficiency trust account. (1) There is created a self-sufficiency trust account in the state treasury. The state treasurer shall deposit to the credit of the trust account money

1 received from a self-sufficiency trust for that purpose. The state ~~auditor~~ treasurer shall direct payments
2 from the trust account upon claims certified by the director of the department.

3 (2) The assets of the trust account must be preserved, invested, and expended in the manner and
4 for the purposes provided in 53-18-103. At the end of each fiscal year, the unexpended account balance
5 must carry forward to the next fiscal year and may not revert to the state general fund."
6

7 **Section 32.** Section 85-8-612, MCA, is amended to read:

8 **"85-8-612. Lien of assessments -- payment of assessments against state lands.** (1) From the time
9 of the entry of said order, assessments for construction of new work and additional assessments and
10 interest thereon shall be a lien upon the lands assessed, until paid. Any owner of land or any corporation
11 assessed for construction may, at any time within 30 days after the confirmation of said report, pay into
12 court the amount of the assessment against his land or any tract thereof or against any such corporation.
13 Said payment shall relieve said lands from the lien of said assessment and said corporation from all liability
14 on said assessment.

15 (2) Upon presentation to the state ~~auditor~~ treasurer of an order of the district court having
16 jurisdiction of ~~such the~~ the drainage district, properly certified, the ~~auditor~~ department of administration shall
17 draw ~~his a~~ a warrant on the ~~treasurer treasury~~ treasury on the common school fund in favor of the commissioners of
18 ~~such the~~ the drainage district for the total amount that may be assessed against any lands included in ~~such the~~ the
19 district, the title to which is in the state of Montana, ~~and upon~~ . Upon the payment of ~~such the~~ the warrant,
20 ~~such the~~ the lands ~~shall thereby be~~ are relieved from the lien ~~theretofore~~ thereby created for ~~such the~~ the costs of
21 construction."
22

23 **Section 33.** Section 87-1-206, MCA, is amended to read:

24 **"87-1-206. Bounty claims for wild animals.** (1) The department of fish, wildlife, and parks shall pay
25 bounty claims for wild animals which have been filed with and approved by the board of livestock. The
26 department shall pay out of the state fish and game funds, other than those funds derived from license fees
27 paid by hunters and fishermen, bounties on predatory wild animals as the bounty claims are presented, not
28 exceeding \$7,500 per calendar year.

29 (2) The board of livestock shall, after approving the bounty claim, deliver the claim to the
30 department of fish, wildlife, and parks for rejection or approval. If the claim or certificate is rejected, it shall

1 be returned by the department to the board of livestock. If approved, it shall be delivered to the department
2 of administration for allowance or disallowance. Nothing in this section takes from the department of fish,
3 wildlife, and parks the exclusive power to administer the fish and game moneys at its discretion.

4 (3) If the department of administration allows the claim, ~~it must send it to the auditor. The auditor~~
5 ~~must~~ the department shall draw ~~his a~~ warrant on the state fish and game ~~moneys~~ money in the state special
6 revenue fund for the amount approved in favor of the claimant, in the order in which the claim is approved."

7

8 **Section 34.** Section 87-1-603, MCA, is amended to read:

9 **"87-1-603. Payments to counties for department-owned land -- exceptions.** Before November 30
10 of each year, the treasurer of each county in which the department owns any land shall describe the land,
11 state the number of acres in each parcel, and request the drawing of a warrant to the county in a sum equal
12 to the amount of taxes which would be payable on county assessment of the property were it taxable to
13 a private citizen. The director shall approve or disapprove the request. The director may disapprove a
14 request only if ~~he~~ the director finds it to be inconsistent with this section. If the director disapproves a
15 request, ~~he~~ the director shall return it with an explanation detailing the reasons for the disapproval to the
16 appropriate county treasurer for correction. If the director approves a request, ~~he~~ the director shall transmit
17 it to the ~~state auditor~~ department of administration, ~~who~~ which shall draw a warrant payable to the county
18 in the amount shown on the request and shall send the warrant to the county treasurer. The warrant is
19 payable out of any funds to the credit of the department of fish, wildlife, and parks. ~~No~~ A payment may
20 not be made to a county in which the department owns less than 100 acres. ~~No~~ A payment may not be
21 made to a county for lands owned by the department for game or bird farms or for fish hatchery purposes
22 or lands acquired and managed for the purposes of Title 23, chapter 1."

23

24 **NEW SECTION. Section 35. Repealer.** Section 17-1-121, MCA, is repealed.

25

26 **NEW SECTION. Section 36. Codification instruction.** [Section 5] is intended to be codified as an
27 integral part of Title 17, chapter 1, part 1, and the provisions of Title 17, chapter 1, part 1, apply to
28 [section 5].

29

30 **NEW SECTION. Section 37. Effective date.** [This act] is effective July 1, 1995.

-END-

